

2012

# Do new student loan borrowers know what they are signing? A phenomenological study of the financial aid experiences of high school seniors and college freshmen.

Carrie Lei Johnson  
*Iowa State University*

Follow this and additional works at: <https://lib.dr.iastate.edu/etd>



Part of the [Family, Life Course, and Society Commons](#)

---

## Recommended Citation

Johnson, Carrie Lei, "Do new student loan borrowers know what they are signing? A phenomenological study of the financial aid experiences of high school seniors and college freshmen." (2012). *Graduate Theses and Dissertations*. 12355.  
<https://lib.dr.iastate.edu/etd/12355>

This Dissertation is brought to you for free and open access by the Iowa State University Capstones, Theses and Dissertations at Iowa State University Digital Repository. It has been accepted for inclusion in Graduate Theses and Dissertations by an authorized administrator of Iowa State University Digital Repository. For more information, please contact [digirep@iastate.edu](mailto:digirep@iastate.edu).

**Do new student loan borrowers know what they are signing? A phenomenological study  
of the financial aid experiences of high school seniors and college freshmen**

by

**Carrie Lei Johnson**

A dissertation submitted to the graduate faculty  
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

Major: Family and Consumer Science Education

Program of Study Committee:  
Robert Bosselman, Co-Major Professor  
Patricia Swanson, Co-Major Professor  
Mack Shelley  
Dan Robinson  
Clinton Gudmunson

Iowa State University

Ames, Iowa

2012

Copyright © Carrie Lei Johnson, 2012. All rights reserved.

## DEDICATION

This dissertation is dedicated to my children. To my two oldest step-children, Jasmine and Dustin, who helped to watch their little brother and sisters when I was in class and writing without too many complaints. To my step-daughter, Darci, who always knew when I needed a break or just a laugh. My four children; Gabrielle, Joselyn, Davis, and Isabel, for making this process worth the effort and were my reason to keep motivated when I was feeling a little overwhelmed.

To my dad Kevin, Aunt Julie and Uncle Keith for encouraging me to do my best and pushing me to always reach my potential, both academically and personally.

To my husband, Jason, thank you for supporting my decision to continue my education even with all of our responsibilities at home.

Lastly, to my siblings: Shannon, April, Kenneth, Andrew, Cordell; and cousins: Kristen, Jay, John, Amanda, Kaylene, and Jared. Each one of you has made a huge impact on my life and have been great listeners when I needed one.

## TABLE OF CONTENTS

LIST OF TABLES	v
LIST OF FIGURES	vi
ABSTRACT	vii
CHAPTER 1. INTRODUCTION	1
Significance of the Study	1
The Financial Aid Process	4
Recent Changes in the Process	6
Entrance Loan Counseling & Financial Aid Professional Requirements	6
Purpose of the Study	7
Research Questions	7
Definition of Terms	8
CHAPTER 2: LITERATURE REVIEW	12
Overview	12
Reasons Students Borrow Student Loans	12
The Financial Aid Process	15
Current Financial Aid Information Practices	17
Changes in Federal Aid	21
Gaps in the Research	23
CHAPTER 3: METHODS AND PROCEDURES	24
Research Method	24
Participants	25
Data Collection and Storage Methods	26
CHAPTER 4: RESULTS	31
Description of Responses	31
Participant A	31
Participant B	32
Participant C	34
Participant D	35
Participant E	36
Participant F	37
Participant G	38
Participant H	39
Financial Aid Professional Responses	40
Financial Aid Information Session Observations	42
Analysis of Responses and Themes	43
Collective Themes	44
Individual Themes	45

CHAPTER 5: DISCUSSION	47
Summary	47
Strengths of the Study	50
Limitations of the Study	50
Recommendations	51
Future Research	52
 APPENDIX A: STUDENTS AND PARENTS INTERVIEW QUESTIONS	54
APPENDIX B: STUDENTS SECOND INTERVIEW QUESTIONS	55
APPENDIX C: FINANCIAL AID PROFESSIONALS INTERVIEW QUESTIONS	56
APPENDIX D: HIGH SCHOOL PROFESSIONALS INTERVIEW QUESTIONS	57
APPENDIX E: FUNDING YOUR EDUCATION: THE GUIDE TO FEDERAL STUDENT AID	58
APPENDIX F: 2011-2012 FINANCIAL AID AWARD INFO DRAFT	87
APPENDIX G: INSTITUTIONAL REVIEW BOARD DOCUMENTATION	89
 REFERENCES	116
 ACKNOWLEDGMENTS	123
 BIOGRAPHICAL SKETCH	125

## LIST OF TABLES

Table 1.1.	Percentage Borrowing Among Certificate and Degree Recipients, 2003-04 and 2007-08	1
Table 1.2.	Median Loan Debt of Borrowers Among Undergraduate Certificate and Degree Recipients, in Constant (2008) Dollars, 2003-04 and 2007-08	2
Table 1.3.	Stafford Loan Limits	10

## LIST OF FIGURES

Figure 1.1.	National Student Loan Default Rates	3
Figure 1.2.	Steps to Financial Aid	5

## ABSTRACT

The purpose of this study is to investigate the overall financial aid process from the perspective of first-time students and their parents. It seeks to determine their understanding of the entire financial aid process from completing the Free Application for Federal Student Aid (FAFSA) to when the students receive their first disbursement of funds. This qualitative study of eight individuals who completed the process focuses on how well students and their families understand the terms and conditions of repayment of student loans. Both parents and students were interviewed for the purpose of this study to determine if students or their parents are the ones who complete the process. This study also seeks to determine if less technology or conducting face-to-face loan counseling would help participants understand the terms of loans and repayment options better.



## CHAPTER 1: INTRODUCTION

**Significance of the Study**

More students than ever are taking out student loans to pay for higher education. The proportion of all graduates with student loan debt increased five percent from the 2003-04 to 2007-08 academic years (Steele & Baum, 2009). Students are not only utilizing federal loan programs, but also private loans where there are no limits set on interest rates or income based payments (see Table 1.1). Almost all students who graduate with an associate degree from a for-profit school have taken out some form of education loan.

Table 1.1

*Percentage Borrowing Among Certificate and Degree Recipients, 200- 04 and 2007-08*

	Degree Recipients with Any Education Loan	Degree Recipients with Federal Loans	Degree Recipients with Private Loans	Degree Recipients with Any Education Loan
	2003-04		2007-08	
<b>All Students/All Sectors</b>	54%	55%	30%	59%
<b>Bachelor's Degree</b>	65%	62%	33%	66%
Public Four-Year	62%	58%	28%	62%
Private Four-Year	72%	69%	42%	72%
For-Profit	85%	94%	64%	96%
<b>Associate Degree</b>	37%	43%	22%	48%
Public Two-Year	30%	33%	15%	38%
For-Profit	90%	97%	60%	98%
<b>Certificate</b>	54%	58%	34%	63%
Public Two-Year	18%	24%	12%	30%
For-Profit	85%	85%	51%	90%

*Note.* From. "How much are students borrowing?" by Steele & Baum, 2009, *College Board: Inspiring Minds*, August 2009, p.2.

Among graduating four-year undergraduate students who applied for federal student aid, two-thirds borrowed to pay for their education. The average cumulative debt was \$23,200 in the 2007-08 academic year (Reed, Cheng, Asher, Abernathy, & Irons, 2009). This does not take into account private student loans, Parent Loans for Undergraduate Students (PLUS loans) or credit card debt. For more information on median loan debt of borrowers by institution type, see Table 1.2.

Table 1.2

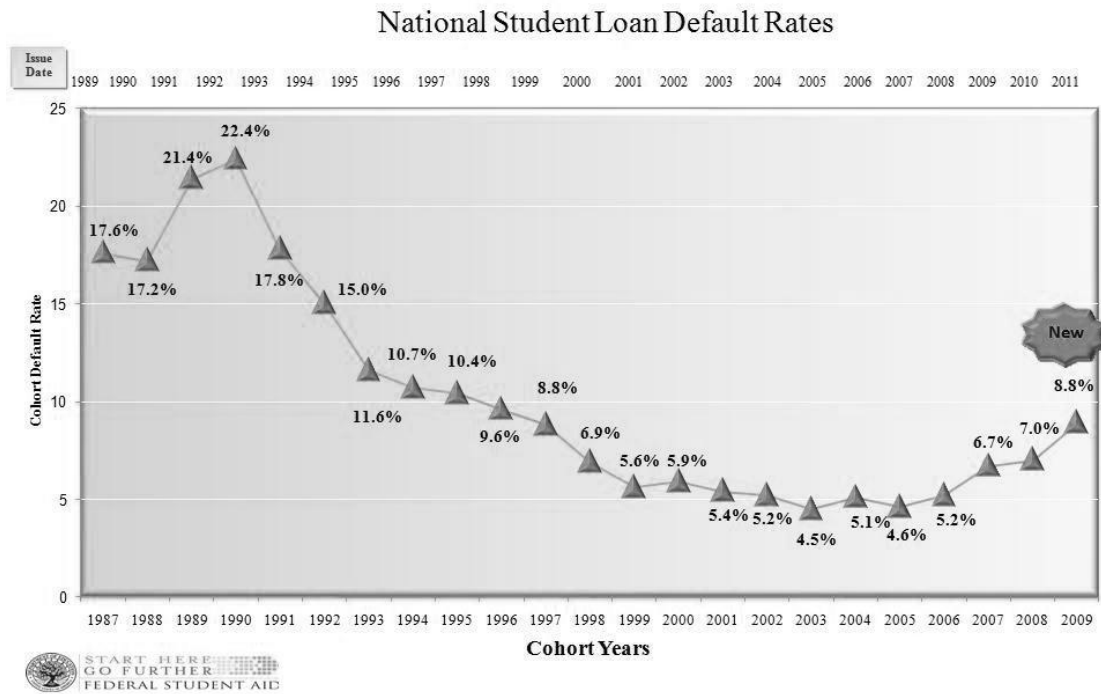
*Median Loan Debt of Borrowers Among Undergraduate Certificate and Degree Recipients, in Constant (2008) Dollars, 2003-04 and 2007-08*

	<b>Median Loan Debt of Borrowers 2003-04</b>	<b>Median Loan Debt of Borrowers 2007-08</b>	<b>Percent Increase 2003-04 to 2007-08</b>	<b>Dollar Increase 2003-04 to 2007-08</b>
<b>All Students/All Sectors</b>	\$13,663	\$15,123	11%	\$1,460
<b>Bachelor's Degree</b>	\$18,973	\$19,999	5%	\$1,026
Public Four-Year	\$16,990	\$17,700	4%	\$710
Private Four-Year	\$21,238	\$22,375	5%	\$1,137
For-Profit	\$26,562	\$32,653	23%	\$6,091
<b>Associate Degree</b>	\$8,493	\$10,000	18%	\$1,507
Public Two-Year	\$6,230	\$7,125	14%	\$895
For-Profit	\$16,815	\$18,783	12%	\$1,968
<b>Certificate</b>	\$7,503	\$9,000	20%	\$14,97
Public Two-Year	\$4,531	\$6,534	44%	\$2,003
For-Profit	\$7,503	\$9,744	30%	\$2,241

*Note.* From. "How much are students borrowing?" by Steele & Baum, 2009, *College Board: Inspiring Minds*, August 2009, p.3.

Total student aid, including loan and grant money, increased by about 84% in inflation adjusted dollars over the decade of 1997-98 to 2007-08 (College Board, 2008).

With large indebtedness, some students cannot afford to make all of their payments and student loan default can be a possibility. Figure 1.1 shows the federal cohort default rates. Default rates were the highest in 1992 and then there was a decline over the next 13 years. However, since 2005 cohort default rates have been steadily increasing every year.



*Figure 1.1.* National Student Loan Default Rates. Adapted from “Official Cohort Default Rates for Schools,” 2012, US Department of Education. <http://www2.ed.gov/offices/OSFAP/defaultmanagement>.

Reed et al. (2009) surveyed and wrote a report of nearly 1,000 public and nonprofit four-year colleges on student loan indebtedness. In 1996 it was found that 58% of students graduated with debt, whereas 67 of those colleges reported that over 90% of the graduates graduated with debt in 2008. Public four-year colleges showed an average debt of \$20,200 and 62% graduated with debt. Private nonprofit four-year schools showed \$27,650 average debt and 72% of students graduating with debt. In addition,

private for-profit four-year colleges reported an average debt of \$33,050 and 96% of students graduated with debt. It can be inferred that while private for-profit schools do show a higher rate of debt, students from all types of four-year colleges incur some form of student loan debt.

To be eligible to receive student loans and take on student loan debt, families must complete financial aid forms. Some of these forms are required by Department of Education, while others are required by the post-secondary school the student has chosen to attend. Some are very in-depth with a lot of text to read through.

### **The Financial Aid Process**

The financial aid process begins when students fill out the Free Application for Federal Student Aid (FAFSA, 2010). The Department of Education calculates and sends the Student Aid Report (SAR) and expected family contribution (EFC) to the school(s) of the student's choice. Each school then awards the student their financial aid package according to the results. For example, a student with an EFC less than the school's cost of attendance (COA) would receive Subsidized Stafford Loan eligibility.

After the students receive their award package from the school, they determine what federal aid they would like to accept and begin the process of completing the necessary paperwork/online forms to process the aid. Sometimes, there is enough money in federal funds awarded to students for them to pay for their entire schooling, and sometimes students will need to seek funds elsewhere. This depends on the school attended, the amount of federal funds awarded to them, and if they are receiving any scholarship money (Robert H. Smith Consulting Associates, 1999).

First-time students who decide to take Stafford loan funds must wait 30 days after the start of the first term to receive their money. This may be an issue for some students who need the funds at the beginning of the term to buy books and supplies. Some students may not even realize that their funds will not be available at the beginning of the term, until after they arrive at school.

In Fall 2010, all federal Stafford loans started being guaranteed and processed through Direct Lending; students no longer have a choice as to which bank processes their loan(s) by using the Federal Family Education Loan Program (Lederman, 2009). This may be considered a limitation in this study because previously, depending on which school the student attended, students would receive either a FFEL or Direct Loan. Once students accept a Stafford Loan, they must complete the Master Promissory Note (MPN) and Entrance Loan Counseling. Figure 1.2 describes the steps students need to take before receiving their financial aid.

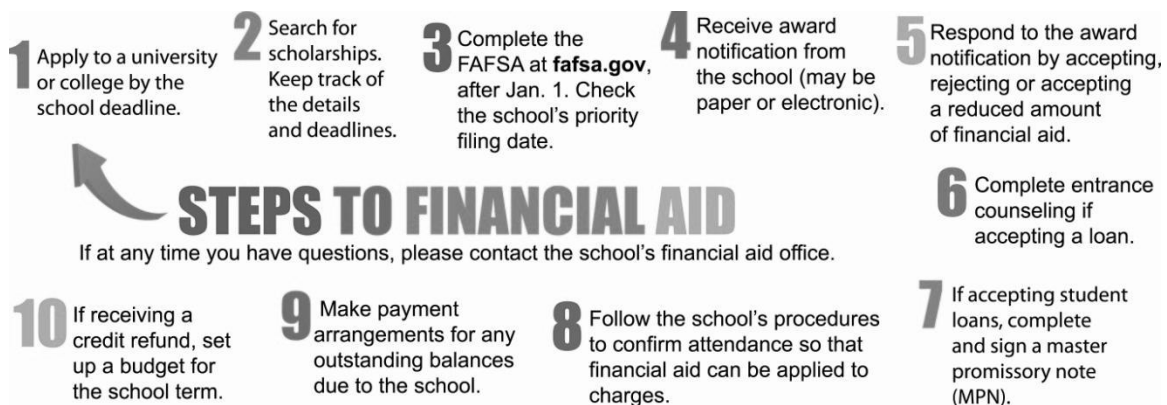


Figure 1.2. Steps to Financial Aid. Adapted from "Pay for College," 2012, Smart About College.

<http://www.smartaboutcollege.org>. Reprinted with permission from Smart About College.

Since every student fills out the same forms and receives a Direct Stafford Loan with the amount set by law, it adds validity to this study. Even though this study encompasses students from South Dakota, students in every part of the nation will view and complete these same forms.

### **Recent Changes in the Process**

President Obama has challenged the nation to have the highest percentage of college graduates in the world by 2020, and simplifying the FAFSA form is a step toward removing barriers to financial aid and access to higher education (Kahn, 2011). The federal government has streamlined the experience, which has long had a reputation for being confusing (Khadaroo, 2011; Long, 2010).

The FAFSA website is more secure and easier to navigate compared to a few years ago. “Skip logic” eliminates questions that don’t apply to the user. Searchable features guide steps based on personal history. The FAFSA even helps save users time by opting to let the Internal Revenue Service plug information directly into the FAFSA form (or it can make corrections, if the FAFSA was filed first). Simplifying and streamlining the process may be helping the nation’s youth access financial aid. However, it is not doing anything to prepare them for the loan debt they are about to undertake.

### **Entrance Loan Counseling & Financial Aid Professional Requirements**

Entrance Loan Counseling is one way to inform college students about loan terms and repayment information. There are numerous ways for schools to present this information to students. Federal regulations allow schools to conduct entrance counseling in various ways: in person, by using a video with a financial aid expert available to answer questions, by using computer assisted technology, or by mailing counseling

materials to students if the school has adopted an alternative counseling approach (Entrance counseling, 1997). Since there is no requirement for schools to have students complete loan counseling in person, there is no guarantee the student is actually reading and/or the one completing the form.

### **Purpose of the Study**

The purpose of this phenomenological study is to explore student views of current loan counseling practices and the financial aid processes. While online counseling and loan forms have made it easier and faster for students to receive student loans, has it also hindered the comprehension of loan terms and the borrowers' responsibilities?

Interviews and observations served as a basis for this study. These key qualitative methods will be used to determine if there are central themes related to every student who goes through the financial aid process. The focus of this study is to see if there are consistent observations and feelings from families concerning student loan forms.

### **Research Questions**

There are many possible angles that can be taken when researching student loan indebtedness. The following research questions guided the researcher in this study to narrow the scope.

- What information did individuals obtain before/after completing the FAFSA?
- Who completed the FAFSA and other financial aid forms; parents, students, or someone else?
- Did students and parents read all of the financial aid correspondence they received?
- What were individual overall perceptions of the financial aid process?

- Do financial aid forms themselves lead to students taking out loans without knowing all the terms?

### **Definition of Terms**

Below are definitions of basic financial aid terms that will be used throughout this study. The terms were collected from the FAFSA (2010) and US Department of Education (2010) and will aid in the understanding of concepts in this paper.

- **Cost of attendance:** Estimated and reasonable cost to complete one academic year as a full-time student. This includes tuition/fees, books/supplies, room/board, personal, and travel expenses. Each college/university calculates its own cost of attendance every year.
- **Dependent student:** Any student who cannot be independent based on the questions provided on the FAFSA (generally any student under the age of 24 who is not married, does not have a child, was not a ward of the court on their 18<sup>th</sup> birthday, not working on a graduate degree, not currently serving on active duty, and not a veteran of the armed services).
- **Entrance loan counseling:** A form students must complete before receiving a federal Stafford loan. It helps students understand the rights and responsibilities of taking out a student loan.
- **Exit loan counseling:** Students must complete this before they graduate, withdraw, transfer, or drop below-half time status to give them information on managing their student loans.
- **Expected parent contribution (PC):** The portion of the Expected Family Contribution belonging to the student's parent(s).



- Expected student contribution (SC): The portion of the Expected Family Contribution belonging to the student.
- Expected family contribution (EFC): A measure of the family's financial strength and is calculated according to a formula established by law.
- Federal Family Education Loan Program (FFEL): Federally guaranteed loan program started with the *Higher Education Act of 1965* that provides the following loans: Subsidized Stafford, Unsubsidized Stafford, PLUS, and Consolidation.
- Federal methodology (FM): The formula used to calculate the Expected Family Contribution. The family's taxed and untaxed income, assets, and benefits (such as unemployment or Social Security) are all considered in the formula. Also considered are the family size and number of family members attending college or career school during the year.
- Financial aid package: Information provided by the school of the student's choice that includes all gift aid and loans the student is eligible for in an academic year.  
The following is how the school calculates the financial aid package:  
$$\text{Cost of Attendance} - \text{EFC (PC + SC)} = \text{Financial Need}$$
  
The financial need is then used to determine which type of student aid (gift or loan) will be provided to the student.
- Gift aid: Money provided to students that does not need to be paid back (scholarships and grants).

- Independent student: Any student over the age of 24, married, has a child, was a ward of the court on their 18<sup>th</sup> birthday, working on a graduate degree, currently serving on active duty, or a veteran of the armed services.
- Master Promissory Note (MPN): Loan form student must complete to receive federal student loans. It is the student's promise to pay back the loan and any disbursements thereafter under its terms.
- Stafford loans: Form of federal financial aid to help undergraduate and graduate students pay for their education. Table 1.3 lists the loan limits set by the federal government:

Table 1.3

*Stafford Loan Limits*

<b>Dependent Students</b>	<b>Annual Loan Limits</b>
First Year	\$5,500 (\$3,500 subsidized / \$2,000 unsubsidized)
Second Year	\$6,500 (\$4,500 subsidized / \$2,000 unsubsidized)
Third Year and Beyond	\$7,500 (\$5,500 subsidized / \$2,000 unsubsidized)
<b>Independent Students</b>	<b>Annual Loan Limits</b>
First Year	\$9,500 (\$3,500 subsidized / \$6,000 unsubsidized)
Second Year	\$10,500 (\$4,500 subsidized / \$6,000 unsubsidized)
Third Year and Beyond	\$12,500 (\$5,500 subsidized / \$6,000 unsubsidized)
Graduate or Professional	\$20,500 (\$8,500 subsidized / \$12,000 unsubsidized)
<b>Lifetime Limits</b>	
Undergraduate Dependent	\$31,000 (Up to 23,000 may be subsidized)
Undergraduate Independent	\$57,500
Graduate or Professional	\$138,500 (Up to \$65,000 may be subsidized) or \$224,000 (for Health Professionals)

*Note.* From. Direct Stafford Loans,” 2010, *Department of Education*,

<http://studentaid.ed.gov/PORTALSWebApp/students/english/studentloans.jsp>.

- Student Aid Report (SAR): Summarizes the information the student reports on the FAFSA and the school uses it to determine the students' eligibility of federal student aid.
- Subsidized loans: Loans with no interest until after the student has been out of school for six months.
- Unsubsidized loans: Loans with interest accruing from the date of disbursement.
- William Ford Direct Loan Program (Direct Loans): Enacted in 1993 by the federal government. Students borrow money directly from the Department of Education.

## CHAPTER 2: LITERATURE REVIEW

### Overview

This study was designed to analyze themes related to perceptions of students and their families regarding the financial aid process for federal student loans. It seeks to link the financial aid process of new college students and student loan indebtedness. To this point, there have been few studies linking the two. Several factors were considered in the process, including:

- Why students borrow using student loans;
- The financial aid application process;
- Current financial aid information practices; and
- Changes in federal financial aid process.

Each of these factors is addressed in this chapter.

### Reasons Students Borrow Student Loans

Before exploring what students think about the financial aid process, one must first determine what factors compel students to borrow student loans in the first place. There are numerous studies that link socioeconomic status, race, and college choice to students' willingness to borrow. These factors will be discussed in this section.

Several studies identified three possible reasons for the growth of student loans. First, increases in federal grant aid have not kept pace with rising postsecondary education costs, and the widening gap between college cost and grant aid compel more students to borrow. Second, students' financial need has increased as educational costs have grown, and more of this need is met by loans. And third, increases in loan limits and ease of borrowing has allowed more students to receive loans (Redd, 2001).

Over the past several decades, college tuition has nearly tripled, adjusting for inflation, and federal student aid has shifted from a predominantly grant-based system to one dominated by loan aid (Draut, 2009). Students have little choice but to use student loans to pay to attend college. No longer are students able to work a summer job sufficient to pay their next year's tuition costs. Loans are the largest source of funding for postsecondary students in the United States (Hart & Mustafa, 2008).

Most parents and students at middle and upper-income high schools view student loans as necessary to pay for the student's education (Perna, 2008). Low-income high schools, for this study, are those that have 50% or higher rate of students receiving free or reduced meals. They tend to view loans as an acceptable means of financing postsecondary expenses because they believe the benefits of education exceed the cost. Also, parents don't typically believe they can afford to pay for their child's education themselves. Parents and students at lower-income schools typically don't see the benefits as much and therefore may choose not to attend a postsecondary school at all.

Parents today are not sure if they want to sacrifice their retirement to pay for their child's education. Twenty-five years ago, parents could afford to do both. But today there are larger education bills relative to family income, as well as a longer expected retirement horizon. There is a debate between financial planners and retirement planners today as to whether parents should save for college or retirement. However, more and more are leaning towards retirement savings before college savings (Novack, 2010). This generation of adults may also carry the additional financial burden of caring for their own aging parents (Briones, 2006).

According to Perna (2008), research suggests another factor that affects students' willingness to borrow varies based on students' race/ethnicity and financial resources. She also suggests that perceptions of loans differ by family income; students from low-income families are less willing than other students to borrow. Most students at high-income schools, some at middle-income schools, and few students at low-income schools, express a willingness to borrow to pay college expenses. For many students, willingness to borrow is based on a comparison of the expected benefit and costs (Perna, 2008).

If students see the benefit in human capital by attending college, they are more willing to borrow money to pay for their education. They assume that if they graduate from a college, they will have the means to pay back the money that has been borrowed. However, do they understand the process and the terms of their loans? Most students will not worry about the repayment information associated with their loans because they are not required to make payments while in school. Upon graduation the reality of their choices may set in.

Financial aid and the cost of a school can also be an important deciding factors in a student's choice to which college they plan to attend. In determining the total financial aid budget as well as the size of individual financial aid offers, the anticipated effect of an offer on a student's decision to enroll in the college plays a crucial role (Van der Klaauw, 2002). A study conducted by McPherson and Schapiro (1991) found that higher-cost colleges have a negative effect on enrollment for low-income students, but had less of an effect on more affluent students.

In 1998, a Northeastern university replaced the entire loan portion of low-income students with grant based aid. It did not have a large impact on overall enrollment rates, but appears to have had a larger effect on the matriculation of minority applicants. The result is consistent with differing perceptions between minorities and nonminorities about the cost of financing college through loans. Such differences may be due to greater uncertainty among minorities about the future returns to college education, and hence ability to repay loans (Linsenmeier, Rosen, & Rouse, 2002).

### **The Financial Aid Application Process**

The financial aid process has a reputation of being confusing and difficult for students and their parents. Information is easily accessible but most don't know where to look, and if they find it they may not understand the information presented.

There is a need to get better information about how the student loan program operates (Fossey, 1998). De La Rosa and Tierney (2006) studied some major challenges low-income students face when working with financial aid. Based on their research at high schools, college counselors held small group FAFSA sessions, but less than 10% of seniors or their families attended the workshops. Students and families who attended found the sessions useful. However, students who attended large financial aid events left with many unanswered questions about the FAFSA. Students said their financial situations were too complicated to be handled by the group session presenter at these events. The family income section of the FAFSA was particularly difficult for students with non-traditional families, those who were not graduating high school seniors with two parents, who required additional assistance to complete. Students who attended line-

by-line workshops said they were not able to complete their FAFSA because they did not know they had to bring the necessary tax information.

The study also found that students who made mistakes on their initial FAFSA submissions were not sure how to fix them. Students did not know how to receive information about their FAFSA; they did not understand how the FAFSA was linked to their institutional aid offers. They did not know how to interpret their Student Aid Report (SAR) or the financial aid offer letter. The result was that students made uninformed decisions about how to pay for college.

The majority of students interviewed could not articulate 1) their Expected Family Contribution (EFC); 2) the details of their financial aid package; and 3) how financial aid worked once in college. Also many students credited a specific individual for helping them fill out the financial aid paperwork because they had questions throughout the process.

The final challenge found in the De La Rosa and Tierney 2006 research study that will pertain to this study is that results revealed 61% of respondents would use financial aid information from workshops they attended to talk to their parents/guardians about financial aid. Many students expressed that they could not depend on their parents to assist them with the financial aid process. Many students explained that it was difficult to collect their parents' tax information, and some parents were reluctant to share that information.

These studies show that students need more assistance with the whole financial aid process from filling out the FAFSA to receiving their first disbursement of funds. In



the following section the information given to students and families will be further explored.

### **Current Financial Aid Information Practices**

A report by the American Council on Education (De La Rosa & Tierney, 2006) reveals that during the 1999-2000 academic year, 50% of undergraduates who were enrolled at institutions that participate in the federal Title IV student aid programs failed to complete a FAFSA. Many of these students did not complete the FAFSA because they did not understand the process or how to complete the application.

McDonough and Calderone (2006) found, using data from interviews and focus groups of 63 college counselors, that the counselors in these schools typically provide minimal information and assistance to students regarding college financing, and encourage students to attend low-price institutions based on incomplete information about students' ability to pay. Financial aid professionals at the high school and postsecondary levels are very important in delivering information to students and their families. Financial aid counselors are in a position to advocate responsibly for students' financial interests at the institutional, state, and federal levels, and to support efforts to encourage students, as early as the elementary grades, to aspire to and plan for education beyond high school (NASFAA, 2003).

With the increasing costs of attendance and increasing financial award criteria, financial aid professionals enter a very private and personal space with families. In asking questions about income, tax shelters, and divorce agreements, staff members may appear more like IRS agents than members of the educational community.

Lange and Stone (2001) found that financial aid professionals represent a critical function of higher education administration. The work of these individuals affects the institution's fiscal health in terms of budget management and packaging policies. More important, however, may be the implicit messages that the staff members communicate about how the institution regards the financial commitment of a college education for many families. Interactions with this office may well set the tone for future interactions with university personnel.

The National Association of Student Financial Aid Administrators (NASFAA) (2003) statement of ethical principles states that the primary goal of the financial aid professional is to help students achieve their educational potential by providing financial resources. Professionals are committed to removing financial barriers for those who pursue postsecondary learning, making every effort to assist students with financial need, and educating students and families through quality consumer information.

One of the weaknesses of the financial aid policy literature is its lack of meaningfully addressing how information regarding financial aid is successfully disseminated to those who might most benefit from it (Zeidner, 2006). MacCallum (2008) found that in California Community Colleges there was a sense of frustration among students because of limited financial aid staffing. If it is found that Entrance Loan Counseling procedures need to be better, then finding the staff to cover it would be an issue.

Federal loan regulations require students receiving federal Perkins or Stafford Loan to complete entrance counseling when school begins and exit counseling after the borrower graduates or exits from school. The counseling sessions help students develop a

budget for managing educational expenses and understanding loan responsibility. The counseling must be in person, by audiovisual presentation, or by interactive electronic means (SallieMae College Answer, 2007).

According to SallieMae (2007), the required entrance counseling session reviews basic facts about student loans:

- Loan terms and conditions.
- Rights and responsibilities of the borrower.
- Use of the Master Promissory Note (MPN).
- Repayment and consolidation plans.
- Deferment, forbearance, and cancellation options.
- Late payment and default consequences.
- Budgeting your money.
- Your responsibilities while you are in school.
- Importance of keeping your lender(s) informed.

EKOS Research Associates (2006) found that students identified the following broad principles to effective communication about student loans: 1) timing of communication; 2) clarity in communication; 3) multimedia communication; 4) personalized communication; and 5) human support. Participants felt that communication was better understood if it was personalized and if there was actual human support. Since the majority of Entrance Loan Counseling is conducted online with no personal contact with financial aid professionals, it is difficult to meet these suggestions given by students.

Students in the EKOS study, particularly young borrowers, maintained they were unaware of how loans worked when they first received them. Many felt they would have

benefited from knowing about loan mechanics and repayment assistance options from the very beginning of their loan period.

Colleges and universities attempt to be proactive by providing literature to students and parents about financial responsibility and debt management, but the materials can go unread or be introduced too late in the borrowing process. One aid counselor in a large Midwest public university explained, “Many undergraduates are surprised to see how much they actually owe when they have their exit interview. A lot of them regret borrowing so much when they realize they used the loan funds for pizza money” (Wegmann, Cunningham, & Merisotis, 2003, p. 31).

Financial planning workshops and sessions at orientation have been helpful to some degree, but financial aid administrators remain concerned about students’ overall lack of financial knowledge. An aid administrator at a public university in California remarked: “Students don’t know the basics—they really don’t know what financial aid is, what loans and grants are. The students don’t understand what the lenders are saying, and this info is constantly changing. In their opinion, students do not know the basics. In the opinion of the financial aid counselors in this study, students pay little or no attention to interest rates and repayment terms when applying for loans. What students want is the money, and they want it fast. They are most concerned about staying in school at that moment, so they end up applying to lenders known to have good acceptance rates and quick turnaround. They’re *not* thinking about how burdensome it might be to pay the loan(s) back in the future” (Wegmann et al., 2003, p. 31).

Michner and Belcheir (1997) interviewed 25 freshmen about their experiences during their first year of college. The 17 students who received financial aid from this

university described the process as “confusing”, “complicating”, and “frustrating”. Only seven students thought the process was easy. The study did not go into further detail. This was due to it not being the entire focus of the study. However, it does show that this is an important issue requiring additional investigation.

### **Changes in Federal Financial Aid**

The official reason for the creation of federal direct student aid was to provide the necessary resources for students from disadvantaged socioeconomic backgrounds to attend previously inaccessible colleges. Many experts assert that federal direct student aid policies have only marginally succeeded in improving lower-income access because the federal government has shifted its programmatic emphasis from student grants to loans (Alexander, 2002). The calculations used to determine students' financial aid award are based on the premise that it is the responsibility of the entire family to pay for students to attend college.

The structure of financial aid assistance consists of the following five principles:

1. Parents should contribute toward the expense of their child's education to the limit of their financial ability (parent contribution), at least through the baccalaureate degree or until the child is independent.
2. Government – mainly the federal government through the Pell Grant program – should make up in grants for shortfalls in students' resources that are due to the very low income of parents.
3. Students should contribute toward the expense of their education through earnings (student contribution), student loans, or both.

4. Loans should be made available to all students without regard to creditworthiness.
5. Neither form of government student assistance – loans or grants – should take into account the academic preparedness or academic performance of the student, the field of study, or the stature of “worthiness” of the college or university (Johnstone, 1999).

One constant in financial aid policy is change. The changes reflect budgetary constraints, but they also reflect changes in how society regards federal programs and higher education. Following the Morrill Act, and again after World War II with the implementation of the GI Bill, the country’s philosophy was that higher education was a “right” for all Americans. (Lange & Stone, 2001). The Morrill Act granted land to each state to establish institutions in each state that would educate individuals in the areas of agriculture, home economics, mechanical arts, and other professions that were practical at the time (Lightcap, 2011). This allowed for education for all social classes and provided more applied studies that would prepare the students for the world they would face once they left the classroom. Whereas, the GI Bill assists veterans pay for tuition as well as offer money to live on while attending school (American Council on Education, 2011).

This ideology marked a shift for American higher education, which traditionally had been reserved for the privileged few who could afford it. During the tumultuous 1960s and early 1970s, a new debate focused on the extent to which the federal government should help citizens obtain their educational goals (Lange & Stone, 2001).

It is projected that the increasing emphasis on work and loans in financial aid packages will increase the income gap among college participants, affect degree

completion, and contribute to a national loss of college-eligible high school graduates. The decrease in the buying power of the Pell Grant and the failure of grant programs to keep pace with changing times has decreased access for many low-income students (Trent, Lee, & Owens-Nicholson, 2006).

### **Gaps in the Research**

For this study no previous research can be used to answer the research questions that have been posed. Much of the current literature can be used as background for the reasons students take student loans and the cumbersome nature of the process; however it does not show many indications if the financial aid process hinders or helps students and families understand the student loan debt they are incurring.

## CHAPTER 3: METHODS AND PROCEDURES

### **Research Method**

This study used a phenomenology design. Creswell (2007) states that a phenomenological study describes the meaning for several individuals of their lived experiences of a concept or a phenomenon. This study used this approach to find common themes among participants as they went through the financial aid process.

Participants were asked about what they learned throughout the process, to see if they actually understood what they were signing and if current information provided is enough to adequately prepare them for repayment after they stop attending college. Daniels (2005) states that phenomenology is a way of unfolding the dimensions of human experience and how we exist in and live in our world. It examines 1) what is distinct in each person's experience; and 2) what is common to the experience of groups of people who have shared the same events or circumstances.

Phenomenology was necessary for this study so in-depth, open-ended questions could be asked of participants. A narrative was constructed using answers to questions and themes were developed to determine if there were any consistent themes between those in the study. Just using a survey, as in quantitative research, limits participants responses and would not have been as effective in "telling the story" of the participants' experiences.

The study was conducted similarly to De La Rosa & Tierney's 2006 research study. They interviewed high school seniors twice and observed financial aid events. Interviews and surveys were conducted in four general areas including knowledge of the college financial aid process and the students' use of financial aid information and



services. This study went a few steps farther by adding interviews with parents (if they assisted the student in the financial aid process) and high school and college financial aid professionals.

### **Participants**

A convenience sample was used for this study. Participants were chosen from two local high school districts, Andes Central and Wagner Community. The two communities are located in south central South Dakota (SD) in Charles Mix County, and are approximately 15 miles apart. According to the United States Department of Agriculture (USDA), Charles Mix County has the 80<sup>th</sup> lowest per capita income in the United States (USDA, 2010).

Lake Andes, SD is a small community of 879 people with the majority of the population either White (40.8%) or American Indian (52.7%) (US Census Bureau, 2012). The median household income for residents in 2009 was \$23,671 (City-data, 2010). Andes Central School District, located in Lake Andes, has 443 students enrolled and is made up of White and American Indian races. During the 2010-11 school year 73.3% of students in grades preK-12 were eligible for free or reduced meals (Andes Central School District, 2011).

Wagner is a slightly larger town with a population of 1,566 with a 54.7% White and 40.5% American Indian racial make-up (US Census Bureau, 2012). The median household income for Wagner in 2009 was \$27,262 (City-data, 2010). Wagner Community School District, located in Wagner has 913 students in the school district, also made up predominately of White and American Indian youth. 70.7% of students in

PreK-12 in 2010-11 were eligible for free or reduced meals (Wagner Community Schools, 2011).

According to the South Dakota Department of Education (2011) there are 168 school districts in the state with an average of 831 students per district. Wagner represents the “average” school district whereas Andes Central represents a smaller district. Both districts would be considered low-income.

Eight participants signed information consent forms and completed interviews to be part of the research project. None of the participants were under the age of 18, therefore assent forms did not need to be completed.

Three of the eight participants were recruited by using the snowball process after one participant suggested the researcher contact them. Recruitment letters were sent to local high schools and by word-of-mouth. Schools were provided with a recruitment flyer that was posted at the school. It did not matter which type of institution (four-year or two-year) they planned to attend. The following criteria were used to select students: they planned on seeking higher education, they filled out the FAFSA, and they used some form of federal financial aid. Since the FAFSA is the same for every student, this will allow for transferability.

### **Data Collection and Storing Methods**

Interviews were conducted in the spring of 2011 with all participants and again in the fall after participants (or their children) received their federal aid. First-time students do not receive their first disbursement of financial aid until 30 days after the start of the term, so the interviews were conducted in October and November. This provided information on both federal and school based financial aid forms and experiences.

Each of the interviews lasted between 30 and 45 minutes. Interviews were conducted face-to-face and via telephone. Questions about the use and ease of FAFSA on the Web were asked of participants during the initial interview. The second interview consisted of the questions about what type of aid was received and the disbursement process of the aid. For a list of interview questions, see Appendices A and B. Questions asked were used as a guide to obtain a narrative from participants about their experiences. Since phenomenology is designed to gain a perspective of themes of individuals going through a shared phenomenon, it was important to let participants tell their “story” and obtain the best results.

Initial interview questions were adapted using The Federal Office of Electronic Commerce (1999) performance metrics for FAFSA on the Web. The methodology they used was to determine the following five critical performance areas (CPAs): customer satisfaction, internal process improvements, performance improvements, public confidence in electronic government services, and privacy and security. Each CPA is supported by a set of relevant metrics, designed to capture the current performance of FAFSA on the Web.

Many of the metrics can also be extended to future government electronic services implemented by relevant agencies (R.H.S. Consulting Associates, 1999). Since these performance metrics have already been developed and tested by a government agency, this will provide verification to this study which will assist in a credible and defensible result (Golafshani, 2003).

Verification is the process of checking, confirming, making sure, and being certain. In qualitative research, verification refers to the mechanisms used during the

process of research to incrementally contribute to ensuring reliability and validity and, thus, the rigor of a study. Verification strategies help the researcher identify when to continue, stop, or modify the research process in order to achieve reliability and validity and ensure rigor. Within the conduct of inquiry itself, verification strategies that ensure both reliability and validity of data are activities such as ensuring methodological coherence, sampling sufficiency, developing a dynamic relationship between sampling, data collection and analysis, thinking theoretically, and theory development (Morse, et al., 2002).

Using the performance metrics assists with ensuring methodological coherence. However, qualitative design is not always linear and the research questions may change and expand during the process.

To ensure accurate information, interviews were recorded for transcription. Initial interviews took place at the local high schools and students' homes. This allowed for participants to feel more comfortable in their surroundings. Follow-up interviews were conducted by telephone and in-person at a location convenient for participants.

A second researcher listened to tape recordings of interviews. She has a Master's Degree in FCS and also has her Accredited Financial Counselor certification. She also works as a Family Resource Management Field Specialist with SDSU Extension. She evaluates quantitative and qualitative data at her current position.

Looking at this subject from different perspectives and to see exactly what the entire financial aid process experience consists of aids the phenomenology. The following activities aided in developing the overall depth of students' experiences.

An interview was conducted with the Wagner School District high school guidance counselor. This will help provide a background as to what financial aid information is given to students during their time in high school.

An observation of a high school financial aid night at Andes Central was also conducted using Creswell's (2008) method. This method has a specific process of observing. The general steps include: 1) selecting a site to be observed; 2) ease into the site by looking around and getting a sense of the site; 3) at the site, identify who or what to observe; 4) determine your role as an observer; 5) design some means for recording; 6) consider what information you will record during the observation; 7) record descriptive and reflective fieldnotes; 8) make yourself known, but remain unobtrusive; and 9) after observing, slowly withdraw from the site (Creswell, 2008, p. 223-225).

The researcher in this study was a nonparticipant observer and did not interact with subjects. Both descriptive (recording of descriptive events, activities, and people) and reflective responses (personal thoughts that related to insights, or themes that emerged) were recorded (Creswell, 2008).

Interviews with two college financial aid professionals and an observation of a college financial aid orientation (for new students) were also conducted. This information was used to see what services they offer students and if they are being utilized by participants. The two postsecondary institutions that were chosen for this study were South Dakota State University (SDSU), and Mitchell Technical Institute (MTI). SDSU was chosen because it is the largest public university in SD; there were 12,816 students enrolled in the 2010-2011 academic year (South Dakota State University, 2011). The second institution chosen for this study, MTI, is located in Mitchell, SD and is the closest

public technical school to the area. MTI has 745 enrolled students (Mitchell Technical Institute, 2011).

All recordings and fieldnotes were labeled and filed by participant. All information was put in locked file cabinet in researcher's office. When the researcher no longer worked in the specific office, all materials were kept in a file cabinet at her home office.

## CHAPTER 4: RESULTS

### **Description of Responses**

#### *Participant A*

Participant A is a single mother in her early 50s with one son. He is a graduate of Bennett County High School and is attending Mitchell Technical Institute in the 2011-12 school year. Participant A has a Bachelor's degree in home economics and works as an educator for the state.

This was the first time that Participant A completed an online FAFSA. She described the process as intimidating and that time needed to be blocked out to specifically complete the form. When she began the process she did not know what documents would be needed to complete the FAFSA and it took a while to gather everything required. Participant A felt confident that the information she provided was secure because it was a government website.

However, even though it was initially intimidating after starting she realized that it was fairly easy to use. She sought the advice from her tax preparer and financial advisor with questions. They had also completed the forms in the past for their own children and she found this to be very helpful.

Her son did not want to be interviewed, so the follow-up interview was conducted with Participant A. Her son was offered Unsubsidized Stafford Loans. He did take out the loan, but his mother was shocked at how little the amount was (\$5,500 for the entire year). She was just glad that he was going to a technical school and not a 4-year university where expenses would be higher.

The information that was provided by the school was a little confusing. The letter stating what was awarded did not have information about the loan on it, but was accompanied by additional material that explained all types of financial aid. It was difficult weeding through all of the information provided to find the type of aid her son would be receiving. Even after reading the information, Participant A still had questions and sought out additional references online. She also asked a friend that used to work in the financial aid field to have everything explained in detail and to determine why her son was not awarded any grants or other type of loans.

The main information about the loans that she remembered is that interest started accruing immediately upon disbursement and that her son will not have to begin paying them back until after he graduates. When asked specifically about loan counseling she couldn't recall that specific process, but knew it was not face-to-face. After receiving the financial aid forms from the school she knew that there were additional online processes to complete, but just sat down with her son and went through the process without reading it too closely (this was the Master Promissory Note and Entrance Loan Counseling) because there was a lot of information and knew it was necessary to complete before her son would get his money.

When asked if face-to-face counseling would be helpful, it was a definite "yes". "Having a professional answer specific questions would have been great" (Participant A, personal communication, August 5, 2011 and October 29, 2011).

#### *Participant B*

Participant B is a man in his early 50s. His second son is attending college this academic year. He had completed the forms previously for his first son twelve years ago.



His son graduated from Woonsocket High School and is attending University of Minnesota in the 2011-2012 school year (at the beginning of the study the student was not sure if he would be attending SDSU or U of M). Participant B is a CPA, holds a Master's degree in Economics, and he used to teach accounting courses Dakota State University. Participant B had completed the FAFSA for his first son previously, but at that time they were done on paper and mailed to The Department of Education. He found the process much easier to use than in the past. He completed the forms himself and did not see the need for assistance. Participant B also felt very confident that his information was secure. However, after completing the form he did seek advice as to what financial aid his son would be awarded.

After receiving his son's award letter he did notice that his son would need to find alternative forms of aid. He did not want to take out a parent loan due to his inability to repay the loan. And he did not want his son to take out alternative loans for school because his older son had done that and had a difficult time paying them back because of the higher interest rates. They encouraged their son to join the Air National Guard to have some assistance with postsecondary expenses. Participant B's son is still considering this option in future years but decided to attend at least one year of college before joining the Guard.

One factor as to which school the student attended was the cost. It was actually cheaper to attend University of Minnesota because of in-state reciprocity and all students pay for only 13 credits, no matter the amount of credits they were enrolled in. This helped to offset some costs for this family.

The student ended up taking out loans and received a Pell Grant. A small parent loan had to be taken out by the participant to help cover some of the costs of the student's first year of education.

No face-to-face loan counseling was given to the family. They had to seek out information online to determine what the best way to pay for college was. They felt that loan counseling would have been very beneficial to feel more confident in their decisions (Participant B, personal communication, August 21, 2011 and November 5, 2011).

### *Participant C*

Participant C is an 18-year-old female who graduated from Andes Central High School and is attending Mitchell Technical Institute in the next academic year. She lives with her single mother on a farm outside of Lake Andes, SD. The most difficult part of the process for her was obtaining all of the required forms to complete the process, especially her mother's tax information because she did not want to use her income, since she did not plan on helping to pay for any of her daughter's college expenses. The participant liked the fact that the FAFSA was a step-by-step process rather than just having an entire form on one page; it made it seem easier for her.

Her greatest complaint was the fact that she didn't know what the EFC meant when she was done. She also thought it took too long to hear back from the school about what financial aid she would receive.

Participant C received a Pell Grant and Stafford Loans to attend school. With her financial aid and if she continues to work both of her jobs, she will be able to attend college and pay for it as she goes. Her greatest reason for accepting all of the financial aid she was offered was to cover all the costs she could to go to school.

The information that she received was adequate, but she also asked a friend's mother what she needed to do to get her money and explain a few things. She thought having someone giving face-to-face loan counseling would have been nice to have because she could have asked them about the loan repayment on her loans. She knows that she does not have to make any payments until 6 months after graduation (Participant C, personal communication, September 2, 2011 and October 30, 2011).

*Participant D*

Participant D, A 19-year-old male who graduated from Andes Central High School, is attending Mitchell Technical Institute in the 2011-12 school year. He lives with his father and step-mother and younger siblings. Participant D is the first child in the family to attend college. Participant D did not actually complete any of the forms himself; his parents did all necessary forms for him and tried to explain what they meant. He was refreshingly honest in saying that as long as he had money to attend school, he did not care what type of financial aid he was taking out.

He was not awarded enough money to pay for his entire first year of education, but after speaking with his parents he was able to get some more loan money although he doesn't know what type of loan it was. Participant D knows that he has taken out loans that he has to pay back after he graduates from school, but doesn't know what kind of loans or how much money he will have to repay.

Another thing that surprised this participant was that his loan money wouldn't be available until he was in school for 30 days. He was counting on this money to pay for his books, computer, and tools for classes. He had to borrow money from his parents and use what he had left of his summer job income. This seemed to be the thing that

Participant D was most concerned with because he did not understand why he had to wait to get his money when he was the one who would be paying it back in the end.

Participant D did not know what Entrance Loan Counseling was or if it had been completed by his parent (Participant C, personal communication, August 25, 2011 and November 10, 2011).

*Participant E*

Participant D's step-mother is in her early 30s and holds a Bachelor's degree in Education. She was the one who completed all necessary forms and paperwork for the student. She did try to get her student involved in the process, but he was only worried about how much money he would get to go to school and not on how to fill out the forms.

The FAFSA was fairly easy for Participant E since she had filled it out recently for her own education. She did notice some changes in the process, like the fact that you could link to the IRS website and not actually have to enter all of her income data. She thought this was a nice change because then she knew that the numbers were being entered into the correct spot.

Her student was awarded an Unsubsidized Stafford Loan, but it was not enough to cover the student's expenses. She applied for a parent loan to assist with the student's education, but was denied based on her credit. She then called the financial aid office of where her son would be attending school and found out that since she was denied her son would be eligible for an additional \$4,000 in Unsubsidized Stafford Loans. Upon further discussion she told the financial aid officer that she had recently lost her job and was looking for another one. Because of this, the financial aid office was able to re-do their FAFSA (professional judgment) based on her new income level and the student received

a Pell Grant. Participant E said she would have never known about the additional sources without personally calling and speaking to a financial aid professional (Participant E, personal communication, September 3, 2011 and November 7, 2011).

*Participant F*

Participant F is a male in his mid-thirties and is a non-traditional student who will attend South Dakota State University online in the 2011-12 school year. He was not sure where to start the financial aid process. He had been out of school for quite a few years and didn't know how to find the right forms to complete. He looked on the school's financial aid website and found out that he needed to start by completing the FAFSA. He linked to it from their website and started to complete the online form.

He was a little skeptical about the website, but was still quite confident that his information would be safe because it was a direct link from the school's website. He was nervous and thought the process was a little confusing. He wasn't sure why this information was needed to determine his financial aid award.

Participant F didn't feel comfortable contacting the financial aid office directly because he didn't want them to think he didn't understand. He thought having a checklist that told exactly what needed to be completed before receiving his financial aid would have been a great addition to the information already given.

The participant was awarded a Pell Grant and Subsidized and Unsubsidized Stafford Loans. With the money he was awarded, he was able to cover all expenses for school with money left over. He decided to take out all available funds so he could pay off some higher interest rate debts and be able to defer payment until after graduation.

Participant F did not receive face-to-face counseling and thought it might be nice, but since he was going to be a distance education student that having everything online was nice so he did not have to go to campus to do his financial aid forms. He also said how important it was to read everything that the financial aid office sends you because there is very important information enclosed (Participant E, personal communication, September 3, 2011 and November 7, 2011).

*Participant G*

Participant G, a non-traditional male student in his late 30s, and is a non-traditional student who will be attending South Dakota State University's Sioux Falls satellite in the 2011-12 school year. Participant G is also a non-traditional student who has been out of high school for a while. He planned on going back to school using veteran's benefits. He did not however realize that he could even apply for financial aid until he spoke to his sister-in-law.

He remembers not knowing where to start the process and having to ask his family for help. Since he didn't attend college right out of high school he had no idea that he would even be eligible. After starting the process, he found it easier than what he thought it would be like. He was surprised that it was not very difficult and that it was easy to follow the steps on the online form.

Because he is receiving VA benefits (monthly stipend and tuition and fees) he is only eligible for the Pell Grant. He wasn't sure why, but wasn't too worried about it because he joined the Navy after high school so he wouldn't have to take out student loans (Participant G, personal communication, August 30, 2011 and October 27, 2011).

*Participant H*

Participant H is an 18-year-old female who graduated from Andes Central High School and is attending Lake Area Technical Institute in Sioux Falls. She had her parents fill out the FAFSA for her. She did sit next to her mother as the form was being completed. She thought it looked simple enough, but noted that her mom seemed a little stressed with the process.

Whenever financial aid correspondence came in the mail or her email she told her mom, and she would sit down and complete it for her. She remembers receiving one letter that her mom was very upset about. They thought they had completed the FAFSA incorrectly because they had to send copies of everything into the school's financial aid office. After calling the school, they were told that 30% of all FAFSA's are chosen for verification, and that it was fine and it would be processed after the school received all the required information.

Even though they were told it was a normal process, it was still a little nerve racking for them because they basically had to complete everything twice. After waiting a few more months, she then received her award letter from the school.

Participant H received a Subsidized and an Unsubsidized Stafford Loan. Her parents paid for everything that wasn't covered by her loans and scholarships. She said the only thing that she remembers about her loans is that she will have to start paying them back after she graduates from school and that it wasn't a very big amount (since she is a freshman, the amount between the two loans would be \$5,500).

She did not feel like face-to-face loan counseling would have been beneficial to her. She said that she wouldn't have understood it anyway because her mom took care of everything (Participant H, personal communication, July 27, 2011 and October 29, 2011).

### **Financial Aid Professional Responses**

To gain perspective of individuals who work with students and prepare them to complete financial aid forms, interviews were conducted with these professionals, to view interview questions see Appendices C and D. The Wagner School District guidance counselor provides educational and career guidance to high school students in the district. He serves as a resource for students seeking help with college, technical school, military, and career related planning. He provides students with information that will guide them into a post-high education choice or career option that will meet their personal goals and needs.

He said that they typically provide financial aid information to seniors in high school, but sometimes have adults or past students contact him for assistance. He even has younger students come in for advice and help. Minimal loan information is given to students in this high school. He tells students what is available for them to borrow and how the process works if they have specific questions.

The guidance counselor believes the following would be beneficial for students who plan on attending college. He thinks that it is helpful if the student knows what they want, where they want to obtain their training from and why they want to go there. He also thinks that the student needs to have a plan for paying for what they want.

He also thinks that high schools should help students answer questions they have about attending college, but giving them the tools they need to explore on their own can



be helpful as well. “Too often students walk out with too little help or information so they feel like they are alone to solve the big questions. It is hard to know how to solve a problem when you have no idea it is a problem or where to turn when you realize you are in a corner and no one has told you what to do about making things any better” (D. Sanderson, personal communication, November 25, 2011).

Students attending Mitchell Technical Institute are sent financial aid brochures, *Funding Your Education, A Guide to Federal Student Aid*, with their admissions acceptance forms and given the information to go to the financial aid section on their website. To view the brochure, see Appendix E.

To complete Entrance Loan Counseling, students are directed to go to the website, [www.studentloans.gov](http://www.studentloans.gov) to complete the process online. They can also go to the financial aid office and complete the form if the student does not have Internet access. The Financial Aid Director explained that they used to do face-to-face counseling session with all students, but new students seemed to get overwhelmed with the process being required during the first week of school. “It was too much stuff too soon.” He believes students should know when their payments begin, how much for how long, and what the total amount it will take to pay their loans off with the interest being added to the principal before taking out student loans (G. Uecker. personal communication, December 12, 2011).

At SDSU all admitted students receive an email starting in February regarding the financial aid process, including links to the FAFSA and the SDSU Financial Aid web site. The financial aid award letter mailing includes a financial aid consumer information

sheet, see Appendix G. Financial aid information is provided at New Student Orientation, admissions mailings, and other campus visits.

SDSU only uses the federal web site for loan counseling. If the student refuses to do the counseling online, a paper form can be completed in the Financial Aid Office. Students do not receive face-to-face counseling at SDSU either. The Financial Aid Director says the online process is more accessible for students and provides greater detail than face-to-face counseling. Also, online counseling is consistent with federal compliance requirements.

He thinks that online financial literacy (money management, budgeting, etc.) would be meaningful for students to understand college related financial matters. However, he is not advocating requiring the financial literacy counseling before loans can be disbursed because some students have financial knowledge and are informed consumers (J. Larsen, personal communication, March 9, 2012).

### **Financial Aid Information Session Observations**

A Financial aid night at Andes Central High School in the spring 2011 semester was observed. It was surprising to see the number of students and parents that were in attendance. It looked like the entire senior class was there. The gymnasium bleachers were full of eager listeners. There was a meal and door prizes provided for everyone in attendance. The incentives were provided to participants to increase attendance.

A Financial Aid Director from a nearby vocational institute made a presentation to the audience. Parents seemed very interested in what he had to say and some were taking notes. Students seemed less interested and tended to be sitting with friends and were talking to each other throughout the presentation. After the information was given

on how to fill out the FAFSA and types of financial aid available to students attending college, he stuck around to answer questions from a line of parents.

There was a lot of general financial aid information presented to participants. The presenter went through how to complete the FAFSA, all types of financial aid students may be eligible for, and where to find additional money to go to school. There was a lot of information provided in a short period of time.

The researcher also attended a financial aid orientation session at new student orientation at South Dakota State University. The orientation took place in a large lecture-type classroom with about 200 available seats. Standing outside the room before the session, I could hear students asking their parents if they actually had to go. It didn't sound like many were excited about having to attend the orientation. I saw many parents tell their children that they would attend and that the student could go and check out the campus for the time. Since the students are the ones obtaining the financial aid, it was interesting to see that they were not interested in the information.

There were more parents than students in the room. The session lasted about 25 minutes and participants were given a complete overview of the financial aid process. They were also given information about all types of financial aid that students may be eligible based on the results of their FAFSA.

After the session, many parents lined up to ask questions about their specific financial aid situation and to determine if everything had been completed. With another session for a new group beginning shortly after the first session, many of the individuals were directed to go to the financial aid office to get their questions answered.

### **Analysis of Responses and Themes**

Both researchers listened to the same recordings at different times and locations. Both classified themes to determine if consistent themes were derived from the interviews. Each researcher kept sets of notes and did not show the other. Each determined their “own” themes and then both worked together to determine consistent themes that would be used for the purpose of this study. This was done through discussion between the two researchers.

Two types of themes will be discussed in this section. Collective themes are themes that are collective across the group of participants, and individual themes are those that are unique to one of a few individual participants (Waters, 2011). Since each of the respondents have diverse backgrounds, it is important to capture individual themes as well. It also shows how even though the forms and types of aid may be consistent, everyone’s situation is unique.

#### *Collective Themes*

The first theme shared by the majority of participants was that the entire process was initially intimidating. The lack of information to begin with was a major factor in the process being intimidating and confusing. “I wish there would have been a checklist that I could have just followed to make sure I got everything done that I needed to” (Participant F, 2011).

Younger parents and students were less intimidated with completing the online FAFSA. They thought the process was easier than the older participants. They were just a little more impatient when it came to getting their information from the school as to what their financial aid award was going to be for the upcoming academic year.

Students were less concerned with loans than their parents were. The majority of the students only cared about having enough money to go to school. Most of them did not know how much money they took out or anything more than that they didn't have to repay them until they were out of school. The parents seemed to look further ahead and didn't want their students to be in debt upon graduation by not taking out alternative forms of funding and only using low-interest rate federal loans.

Students who were in high school were less likely to complete the forms themselves, with one exception. Students knew that financial aid needed to be applied for, but were counting on their parents to complete all necessary paperwork to make it happen.

One theme that really stood out during the research is that most participants found it better when they talked to others who had been through the process in the past, whether it be a friend, coworker, financial aid professional or a friend's parents. It helped to reassure them that they were doing things correctly.

### *Individual Themes*

One student was highly upset when finding out that there was a 30 day waiting period for financial aid disbursement for first-time students. It was included in the information sent by the school, but was overlooked. The financial aid process can be very frustrating when not all information is read and/or understood by the student and their family. This is one example of that happening.

A student needed to have a professional judgment done on his file for him to receive enough financial aid to attend school. The parent was a little concerned that

unless the financial aid office is contacted others may not know that this may be a possibility if there has been a change in income from the previous year.

Verification can be a scary process if you don't know what it is. The family was worried that they did something wrong because they had to submit everything again to the school. After discussing the process with a financial aid professional they felt better about the verification process.

The student receiving Veterans Affairs benefits was in a little different position than other participants in the study. He did not need to take student loans, but did complete the FAFSA and get a Pell Grant. He did not realize that he would even be eligible for a Pell Grant, which is free money, until talking to a family member because he thought since his VA covered all his expenses he wouldn't get anything else. This was almost like a bonus to him and he could use the funds for books and living expenses and not have to worry about repaying anything.

## CHAPTER 5: DISCUSSION

### Summary

A summary of the study is presented in the final chapter. The major findings in relation to the research questions discussed in Chapter 1 will be presented first. Strength and limitations of the study are presented next, followed by recommendations and future research implications.

The research questions that guided the study were the following:

- What information did individuals obtain before/after completing the FAFSA?
- Who completed the FAFSA and other financial aid forms; parents, students, or someone else?
- Did students and parents read all of the financial aid correspondence they received?
- What were individual overall perceptions of the financial aid process?

The purpose of this phenomenological study was to explore student views of current loan counseling practices and the financial aid processes. It seeks to determine their understanding of the entire financial aid process. Eight participants were interviewed using phenomenological research methods to obtain a narrative of the process through their lived experiences. The students and parents were interviewed shortly after completing the FAFSA and again after the student received the first disbursement of financial aid.

Little or no information was sought out by participants prior to completing the FAFSA, whereas after the form was done the participants felt the need to obtain more information.

Most participants obtained information from individuals who had been through the process in the past, but were not necessarily prepared to actually complete the FAFSA. One student looked on the Internet at the school's financial aid webpage to get the steps he needed to complete to receive financial aid.

After the completion of the FAFSA and financial aid forms, participants tended to obtain additional information about the process, e.g., if it was done correctly, and just to ask general questions of others who had more knowledge about the process. This may have something to do with it possibly taking months before the student hears anything back from the school(s) of their choice. A lot of students will complete the FAFSA prior to March and not receive an award letter until May or June due to the school's schedule. They do receive a confirmation from Department of Education saying that the FAFSA was processed and that they will receive additional information from the school(s) they included on their FAFSA. When this information doesn't come, it can be worrisome to students/parents that something was not completed correctly.

With the sample that was used for this study, there was no consistency as to who completed financial aid forms. However, the participants filled out forms themselves (students or parents) and did not have someone outside the immediate family complete the forms. Students who filled out their own forms tended to be either non-traditional students or another whose mother didn't want to assist in paying for her education. Students still living at home were not the ones to complete the forms.

Students didn't tend to read correspondences and forms as much as parents did. This was not a surprise, but the fact that the students are the ones taking out the loans and not their parents the students should be the ones reading and understanding what financial



aid they are receiving. They don't know the terms of their loans and some didn't even know the amount that was received.

It could cause problems in the future, after graduation, if the amount of loan money is unknown. If loans are continually taken out without knowing the amount, it can be a real shock at the time of graduation. It can be overwhelming when the student realizes that they have tens of thousands of dollars of debt and their prospective career cannot pay the minimum payment.

Overall perceptions of the financial aid process were that the FAFSA was fairly easy, but that more information provided prior to completing the process would have been beneficial. Financial aid information sent to students was a bit overwhelming to them because there was information that did not pertain to their specific situation.

At the beginning of the study, it was hypothesized that the lack of information might be the reason students don't understand the financial aid process and loan terms. But during the course of interviewing, it was found that some of the problem may be that there is too much information for students to read through. It was found that there was not enough information and then there was too much.

No participant remembered the actual entrance loan counseling process. To get their student loans, it was required. The one major thing that students remembered was that they did not have to repay their loans until after graduation. Not one was concerned with the amount of money they would have to repay. Another item included in entrance loan counseling is information about what happens if the student defaults on their loan. No student and/or parent even mentioned default. This didn't seem to be a concern at the time.

### **Strengths of the Study**

Not only interviews were conducted with financial aid recipients for this study, but to really understand the complexities of the financial aid process information was obtained from financial aid professionals as well as observations of high school and college information sessions. The information received from financial aid professions shows what information they provide to students to prepare them to become borrowers.

The study contributes to the existing literature on student loans and the new simplified financial aid process by taking a look at actual experiences by individuals. It determines if the current loan counseling practices and forms provide adequate information to borrowers about the overall process and for student loan repayment in the future.

### **Limitations of the Study**

The greatest limitation of this study is that it only followed students for one financial aid term. It would be beneficial to follow the students every year to determine if at a certain grade-level they start completing the forms themselves. At what point in time do students start becoming aware of impending loan repayment? Upon graduation and completion of exit loan counseling, do these students then understand all of the terms that had been presented to them at the beginning of their academic career? Even after one year, it would be interesting to see how current participants felt about completing the forms a second time. Participant A said “I’m not looking forward to doing it again next year”.

Another limitation also relates to the availability of the sample. This was a convenience sample where only students from local high schools were recruited. Even

though a snowball sampling took place with some of the participants it was still a localized sample. The two schools were in close proximity and have similar demographics. Both are low-income school districts. Results may have been different if the study took place in another location or other schools were chosen.

There could have been potential bias with this study that has to be addressed. The researcher has a background in financial aid and had to be careful not to become involved with participants and answer their questions and remain objective. Also, since these were small communities the researcher knew the majority of participants before interviews.

### **Recommendations**

The results of this study indicate that additional information provided to high school students and their parents about completing the FAFSA would be beneficial. The information that is currently provided is either overlooked or too confusing for individuals to understand.

The confusing financial aid process doesn't do much to make sure students understand the terms of their loans, but the information is available for those who look. Having information in plain language and providing it earlier may help alleviate this problem. It may also be beneficial to provide students with customized information. For example, if students are receiving Stafford Loans, only provide that information instead of having all aid information included.

Since face-to-face entrance loan counseling did not seem to be a recommendation from either students or financial aid professionals, an optional financial literacy class for new college students might be the best way to address the issue of students not understanding loan terms. In South Dakota, 1/2 a credit of personal finance is required for

graduation. However, there is no requirement for educators to have a financial background. There is also no consistent curriculum for them to use. A class in college may help students understand loan information better.

### **Future Research**

The purpose of this study was to investigate the current financial aid process from start to finish focusing on new students and their understanding of the financial aid process and loan repayment terms. Though there is some indication that the financial aid process does not prepare students for taking out student loans, it does not definitively prove it.

There is a lot of information given to students and their families and it tends to be a little overwhelming for them. It may be related to the fact that students don't tend to complete forms themselves, or that they simply do not read correspondence. An in-depth quantitative study would better determine the relationship between lack of interest/overwhelming information and students' readiness to take on debt. By using a pre-test/post-test design about the financial aid process and student loan terms to determine knowledge gained it could be inferred if the information adequately provides the needed information. Since the majority of students receive some form of financial aid, a very large, random sample would be needed.

Another study could be designed to determine if these results are consistent among higher-income school districts. Additional schools could be added to see if the results are the same with those students or if students from those schools were more concerned with taking loans than those from lower-income schools

These school districts were also highly comprised of Native American Indians. However, most of the participants were White. It would be interesting to see if there are a lot of differences in the way these two races comprehend information and if there is a difference in how American Indians perceive taking on debt to obtain an education.

Financial literacy was mentioned by one of the college financial aid directors. That students need to better understand basic budgeting and money management. If students took a financial literacy class to receive student loans, would this have an impact on the amount they borrow, or would they pay attention to the amount of money they borrow?

It would be interesting to determine whether student loan debt has an effect on the duration of time spent in college. Would students take more classes each semester to save on money borrowed? One student in this study indicated that he chose a school out of state because anything over 13 credits was free. This will save the student a lot of money by taking extra credits each semester and finishing his degree in less time.

This study just scratches the surface in regards to the financial aid process. There are a variety of additional studies that could branch off of this one. However, using the phenomenological method used demonstrated the experience that individuals go through to obtain funds to attend post-secondary schools.

## APPENDIX A

**Students' and Parents' Interview Questions**

- Think back to your experiences filling out your financial aid forms.
  - Was the FAFSA on the Web easy to use?
  - How confident are you in the privacy/security of the information you provided?
  - How did you feel when you were completing the process?
  - What did you learn?
  - Did you fill out the forms yourself, have someone help, or did someone do them for you?
  - What was the most difficult part?

## APPENIDX B

**Students' Second Interview Questions**

- What type of financial aid were you offered in your financial aid package?
- What type of financial aid did you accept and/or are receiving?
- What factors influenced your decision to accept/decline the type of assistance you will/are utilizing?
  - If loans: What do you remember about repayment information that you were provided?
- Did you understand all of the information that you were provided about the type of financial aid were you offered?
- Did you do any additional research about the type of financial aid that is available or that you are receiving?
- Did you receive face-to-face loan counseling?
  - If so, did you find it beneficial? Why or why not?
  - If not, do you think it would have been helpful? Why or why not?
- What additional information do you think would have been helpful in making decisions?

## APPENDIX C

**Financial Aid Professionals Interview Questions**

- What information do you provide to incoming freshmen?
- How do you provide Entrance Loan Counseling to students?
- Do you believe that students should have face-to-face counseling? Why or why not?
- What do you think incoming freshmen should know to be better prepared for taking loans?

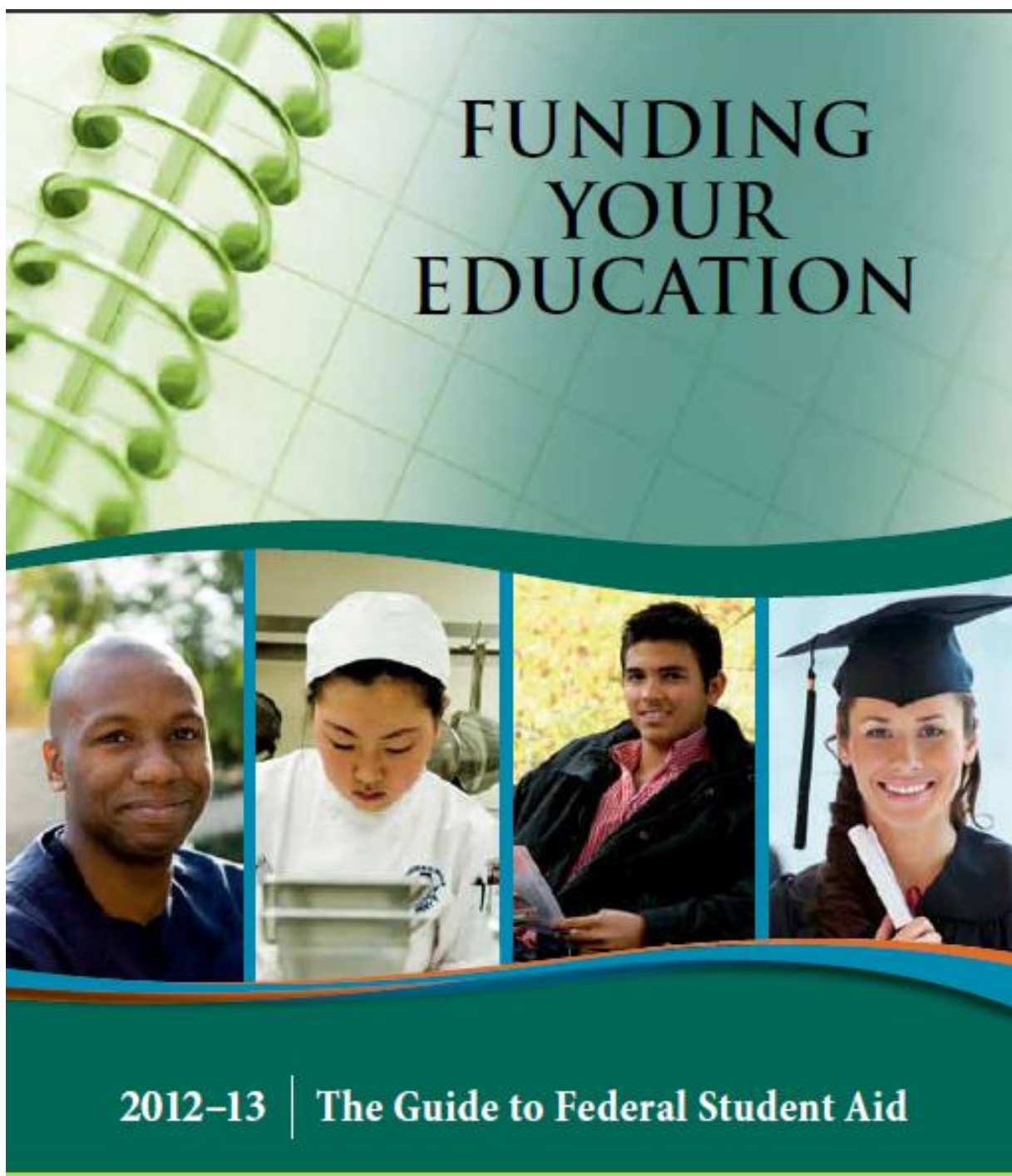


## APPENDIX D

**High School Professionals Interview Questions**

- What grade levels of students do you provide financial aid information to?
- Do you specifically provide loan information?
- What do you believe to be beneficial for students who plan on attending college?
- Do you think there is anything more high schools can do to provide more information to students who plan on attending college?

## APPENDIX E

**Funding Your Education: The Guide to Federal Student Aid**



## Useful Websites and Contact Information

### FIND OUT ABOUT FINANCIAL AID

#### Student Aid on the Web

[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

At this U.S. Department of Education's Federal Student Aid website you can:

- Find detailed information on Federal Student Aid programs; research school and career choices; learn about the entire federal student aid process, eligibility, and the application process; and access other Federal Student Aid websites and publications online.
- Create a "MyFSA" account, a federal student aid personalized folder to help you decide on a career, research schools, and find scholarships. Track your progress in the college planning and application process and access other sources of nonfederal aid.

### APPLY FOR FINANCIAL AID

#### FAFSA on the Web<sup>SM</sup>

[www.fafsa.gov](http://www.fafsa.gov)

Apply for federal student aid online using FAFSA on the Web<sup>SM</sup> (the online version of the *Free Application for Federal Student Aid*, or FAFSA<sup>SM</sup>.)

### ACCESS YOUR FEDERAL LOAN RECORDS

#### National Student Loan Data System<sup>SM</sup> (NSLDS<sup>SM</sup>)

[www.nsls.ed.gov](http://www.nsls.ed.gov)

Use your Federal Student Aid PIN to access your federal student loan records and obtain contact information on your loan services.

### U.S. ARMED FORCES

[www.studentaid.ed.gov/military](http://www.studentaid.ed.gov/military)

If you are in the armed forces or have a family member in the service, visit this site to find out more about grants, repayment, and forgiveness options.

### REPORT STUDENT AID FRAUD

#### Office of Inspector General Hotline

[www.ed.gov/misused](http://www.ed.gov/misused)

To report student aid fraud (including identity theft), waste, or abuse of U.S. Department of Education funds:

1-800-MIS-USED (1-800-647-8733)

E-mail: [oig.hotline@ed.gov](mailto:oig.hotline@ed.gov)

### CONTACT US

**U.S. Department of Education  
Federal Student Aid Information Center (FSAIC)**

**1-800-4-FED-AID (1-800-433-3243)**

P.O. Box 84

Washington, DC 20044-0084

TTY users can call **1-800-730-8913**.

Callers in locations without access to 1-800 numbers may call **319-337-5665** (this is not a toll-free number).

The FSAIC staff will answer your federal student aid questions and provide you with:

- information about federal student aid programs,
- help completing the FAFSA,
- help making any corrections or updates to your FAFSA,
- help understanding your Student Aid Report (SAR), which contains your application results,
- information about the process of determining financial need and awarding aid, and
- general information about your current federal student loans.

You also can use an automated response system at the FSAIC to find out if your FAFSA has been processed and to request a copy of your Student Aid Report (SAR). Or you can write to the FSAIC.

### State Higher Education Agencies

[www.ed.gov/Programs/bastmp/SHEA.htm](http://www.ed.gov/Programs/bastmp/SHEA.htm) (case-sensitive)

List of agencies responsible for administering state financial aid programs.

If you paid for a copy of this FREE publication, please write to the FSAIC at the address above.



# FUNDING YOUR EDUCATION

The Guide to Federal Student Aid | 2012–13

U.S. Department of Education  
Federal Student Aid





## U.S. Department of Education

Arne Duncan

Secretary

## Federal Student Aid

James W. Runcie

Chief Operating Officer

## Customer Experience Office

Brenda E. Wensil

Chief Customer Experience Officer

December 2011

This publication is in the public domain. Authorization to reproduce it in whole or in part is granted. While permission to reprint this publication is not necessary, the citation should be: U.S. Department of Education, Federal Student Aid, Customer Experience Group, *Funding Your Education: The Guide to Federal Student Aid, 2012–13*, Washington, D.C., 2011.

## Updates

Any changes to federal student aid programs since this publication was printed are available at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

## To order copies of this publication

### Students and Parents

Order online at: [www.edpubs.gov](http://www.edpubs.gov)

E-mail your request to: [edpubs@edpubs.ed.gov](mailto:edpubs@edpubs.ed.gov)

Call in your request toll free: 1-877-433-7827 (1-877-4-ED-PUBS)

Those who use a telecommunications device for the deaf (TDD) or a teletypewriter (TTY) should call 1-877-576-7734.

### Counselors, Mentors, and Other Professionals

Order online at: [www.fsapubs.gov](http://www.fsapubs.gov)

E-mail your request to: [orders@fsapubs.gov](mailto:orders@fsapubs.gov)

Call in your request toll free: 1-800-394-7084

Those who use a telecommunications device for the deaf (TDD) or a teletypewriter (TTY) should call 1-877-576-7734.

All website addresses included in this publication were accurate at press time.  
Front cover photos:  
U.S. Department of Education

## Online Access

This publication is also available at [www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs).

## Alternate Formats

This publication is available in alternate formats, such as Braille. For more information, please contact Federal Student Aid using the information provided on this page.

Some of the Web addresses in this publication are for sites created and maintained by organizations other than the U.S. Department of Education. They are provided for the reader's convenience. The U.S. Department of Education does not control or guarantee the accuracy, relevance, timeliness, or completeness of this outside information. Further, the inclusion of particular Web addresses is not intended to reflect their importance, nor is it intended to endorse any views expressed or products or services offered on these outside sites, or the organizations sponsoring the sites.

The information in this guide was compiled in the summer of 2011. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).





## CONTENTS

<b>Federal Student Aid At-a-Glance</b> .....	1
Table 1. Federal Student Aid: Type of aid, eligibility, award amount, interest rate, and other details, by program .....	2
Steps to Federal Student Aid .....	4
Federal Student Aid Process .....	4
<b>Part I. PREPARE TO PAY FOR COLLEGE</b> .....	5
<b>Choosing the Right School</b> .....	5
What type of school is right for me? .....	5
<b>MyFSA</b> .....	5
What can I do with a MyFSA account? .....	5
<b>Early Eligibility Indicator: FAFSA4caster<sup>SM</sup></b> .....	5
What is the FAFSA4caster? .....	5
Who should use FAFSA4caster? .....	6
<b>Reducing the Cost of Education</b> .....	6
Lower-cost schools .....	6
State Higher Education Agencies .....	6
Work or volunteer opportunities .....	6
Federal income tax credits and tax breaks .....	6
<b>Am I Eligible?</b> .....	6
Students with intellectual disabilities .....	6
<b>How Much Financial Aid Can I Get?</b> .....	6
Calculating your financial need .....	6
Understanding your Expected Family Contribution (EFC) .....	6
Table 2. Basic Requirements .....	7
How will I be paid and how often? .....	8
Unusual family circumstances .....	8
<b>Types of Federal Student Aid</b> .....	8
There are three types of federal student aid .....	8
<b>Grants</b> .....	8
There are four types of federal student aid grants .....	8
Can I receive a grant if I'm enrolled less than half-time? .....	8
<b>Work-Study</b> .....	8
What is the Federal Work-Study (FWS) Program? .....	8
<b>Loans</b> .....	9
Federal Perkins Loan Program .....	9
How much can I borrow? .....	9
How will I receive my loans? .....	9
William D. Ford Direct Loan (Direct Loan) Program .....	9
Direct Loans .....	9
Direct PLUS Loans .....	9
Direct Consolidation Loans .....	9
How much can I borrow? .....	9
How will I receive my loans? .....	9
What if I don't want the loan(s) I was offered? .....	9
What's the interest rate on these loans? .....	10
Table 3. Interest rates for Direct and Perkins loans .....	10
Who pays the interest on my loans? .....	10
No interest accrual for borrowers in the military .....	10
<b>Other Sources of Information</b> .....	10
Table 4. Maximum annual and aggregate loan limits for Subsidized and Unsubsidized Direct Loans, by type of student and number of years in school .....	11
<b>Part II. APPLY FOR AID</b> .....	13
<b>Complete the FAFSA<sup>SM</sup></b> .....	13
What do I need to complete the FAFSA? .....	13
When should I apply for federal student aid? .....	13
How do I apply? .....	13
What if I need help filling out my FAFSA? .....	13
How do I sign my online application? .....	13
How and when should I get a PIN? .....	14
I can't remember my PIN. ....	14
Safeguard Your PIN! .....	14
Table 5. Dependency Status .....	14
What if I'm considered a dependent student but have no contact with my parents or access to their information? .....	15
What if I'm a dependent student but my parents are divorced or separated? .....	15
Do I report my stepparent's information? .....	15
Do I need to fill out a FAFSA every year I apply for aid? .....	15
<b>What Happens After I Submit My FAFSA Online?</b> .....	15
You will receive your Student Aid Report (SAR)--the processed FAFSA results. ....	15
What do I do with my SAR? .....	15
Making corrections to my information .....	15
<b>When Will I Receive My Aid?</b> .....	16
How much will I get? .....	16
<b>Part III. REPAY YOUR LOAN</b> .....	17
<b>Loan Repayment</b> .....	17
When do I start paying back my student loans? .....	17
How much time do I have to repay my student loans? .....	17
How much will I have to repay each month? .....	17
What repayment plans are available? .....	17
What if I'm having trouble repaying my loans? .....	17



How do I keep track of how much money I'm borrowing and the types of aid I have? .....	17
<b>Postponing Loan Repayment</b> .....	17
Applying for deferment or forbearance .....	17
<b>Consolidating Your Loans</b> .....	18
What is loan consolidation? .....	18
When can I consolidate my loans? .....	18
<b>Loan Cancellation</b> .....	18
Is it ever possible to have my federal student loan canceled? ....	18
<b>GLOSSARY</b> .....	19
<b>OTHER FEDERAL STUDENT AID PUBLICATIONS</b> .....	Inside Back Cover

As a result of the *Health Care and Education Reconciliation Act of 2010*, as of July 1, 2010, federal student loans under the Federal Family Education Loan (FFEL) Program<sup>SM</sup> are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program.<sup>SM</sup>

# FEDERAL STUDENT AID AT-A-GLANCE

*This section is a quick reference to federal student aid programs from the office of Federal Student Aid at the U.S. Department of Education. The rest of the publication provides more details on what you need to know as you go through the federal student aid process.*

## Who gets federal student aid?

Every student, who meets some basic eligibility requirements, can get some type of financial aid regardless of age or family income.

## What is federal student aid?

It's financial aid from the federal government to help you pay for education expenses at an eligible college, technical school, vocational school, or graduate school. There are three categories of federal student aid: grants, work-study, and loans.

## What is the FAFSA?

It's the *Free Application for Federal Student Aid* (FAFSA<sup>SM</sup>), which you need to complete to receive this aid.

## How do I apply?

Fill out the FAFSA, online or in print, to have access to financial aid to help pay for college. The simplified online application is available at [www.fafsa.gov](http://www.fafsa.gov).

## When do I apply?

Apply as soon as possible after Jan. 1 of the year you plan on attending college.

## How much aid is available?

More than \$150 billion of aid is available every year to students to help cover tuition and fees, room and board, books and supplies, transportation, and other education-related expenses.

The graphic at the lower left or right of each page provides a key to the primary topic—based on the Prepare-Apply-Receive-Repay cycle—covered in the text on that page.



OVERVIEW

PREPARE

APPLY

RECEIVE

REPAY





Table 1. Federal Student Aid: Type of aid, eligibility, award amount, interest rate,

GRANTS AND WORK-STUDY		
Program	Type of Aid	Eligibility (i.e., who can get the aid)
Federal Pell Grant	Grant; does not have to be repaid	Available almost exclusively to undergraduates
Federal Supplemental Educational Opportunity Grant (FSEOG)	Grant; does not have to be repaid	For undergraduates with exceptional financial need; Federal Pell Grant recipients take priority; funds depend on availability at school
Teacher Education Assistance for College and Higher Education (TEACH) Grant	Grant; does not have to be repaid unless you fail to carry out the service obligation	For undergraduates, postbaccalaureate, and graduate students who are taking or will be taking coursework necessary to become an elementary or secondary school teacher; recipient must sign Agreement to Serve saying he or she will teach full-time in designated teacher shortage area for four complete years at elementary or secondary school serving children from low-income families
Iraq and Afghanistan Service Grant	Grant; does not have to be repaid	For undergraduate students who are not Pell-eligible; whose parent or guardian died as a result of military service in Iraq or Afghanistan after 9/11; and who, at the time of the parent's or guardian's death, were less than 24 years old or were enrolled at least part-time at an institution of higher education
Federal Work-Study	Money earned while attending school; does not have to be repaid	For undergraduate and graduate students; funds depend on availability at school
LOANS		
Program	Type of Aid	Eligibility (i.e., who can get the loan)
Federal Perkins Loans	Loan; must be repaid with interest Interest rate: 5%	Undergraduate and graduate students Must demonstrate financial need; funds depend on availability at school
William D. Ford Direct Loans	Loan; must be repaid with interest Interest rate: 6.8%	Undergraduate students enrolled at least half-time Must demonstrate financial need
Direct Subsidized Loans	(for loans first disbursed on or after July 1, 2012)	
Direct Unsubsidized Loans	Loan; must be repaid with interest Interest rate: 6.8%	Undergraduate and graduate students enrolled at least half-time Financial need is not required
Direct PLUS Loans (for parents and graduate and professional degree students)	Loan; must be repaid with interest Interest rate: 7.9%	Graduate students Parents of dependant undergraduate students who are helping pay the cost of their child's education Financial need is not required; must not have adverse credit history; must be enrolled at least half-time
Direct Consolidation Loans	Loan; must be repaid with interest Interest rate is fixed and based on the weighted average of the interest on the loans being consolidated, rounded up to the nearest one-eighth of 1% Interest rate cannot exceed 8.25%	Borrowers with one or more federal student loans



### and other details, by program

Annual Award Amounts	Details
Up to \$5,550 for 2011–12	
\$100–\$4,000	
Up to \$4,000	Undergraduate: total amount may not exceed \$16,000 Graduate: total amount may not exceed \$8,000
Same as Federal Pell Grant	
No annual minimum or maximum amounts	Jobs can be on campus or off campus; students are paid at least federal minimum wage

Annual Award Amounts	Details
Undergraduate students: up to \$5,500 Graduate and professional students: up to \$8,000	Must be repaid to the school that made the loan Up to 10 years to repay, depending on the amount owed
\$3,500–\$5,500, depending on year in school	The U.S. Department of Education is the lender and pays interest on the loan while you are in school at least half-time and during grace and deferment periods. Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
\$5,500–\$20,500 (less any subsidized amount received for the same period), depending on year in school and dependency status	The U.S. Department of Education is the lender. The borrower is responsible for paying all interest on the loan, starting on the date the loan is first disbursed. Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
Cost of attendance (determined by the school) minus any other financial aid received; there is no minimum amount	The U.S. Department of Education is the lender. Loan is unsubsidized (you are responsible for paying all interest) Fee of 4% of loan amount
No minimum or maximum amounts Depends on the amount of the loans consolidated	A borrower can combine their own federal student loans into one loan.



## At-a-Glance

### Steps to Federal Student Aid

The following figure will help you keep track of what you need to do when applying for federal student aid.

#### STEP 1

Get free information and help from a school counselor, the financial aid office at the college or trade school you plan to attend, or the U.S. Department of Education at [www.studentaid.ed.gov](http://www.studentaid.ed.gov) or 1-800-4-FED-AID (1-800-433-3243). Free help is available any time during the application process. You should never have to pay for help.

#### STEP 2

Collect the documents needed to apply, including income tax returns and W-2 forms (and other records of income). A full list of what you need is at [www.fafsa.gov](http://www.fafsa.gov). Tax return not completed at the time you apply? Estimate the tax information, apply and correct information later.

#### STEP 3

Complete the FAFSA between Jan. 1, 2012, and June 30, 2013 (no exceptions to either date!). BUT, apply as soon as possible after Jan. 1 to meet school and state aid deadlines (see note after Step 6). Apply online at FAFSA on the Web™ (the faster and easier way) by going to [www.fafsa.gov](http://www.fafsa.gov). If you don't already have your PIN to electronically sign your FAFSA, you can get it when you complete the online FAFSA.

#### STEP 4

Within a few days, the U.S. Department of Education will send you your Student Aid Report (SAR)—the result of your FAFSA by e-mail with a link to your electronic SAR, or by mail. If you completed a paper FAFSA, review your SAR and, if necessary, make changes or corrections following the instructions in your SAR. Your complete, correct SAR will contain your Expected Family Contribution (EFC)—the number used to determine your federal student aid eligibility.

#### STEP 5

The college or trade school that you plan to attend might request additional information from you. Be sure to respond by any deadlines, or you might not receive federal student aid.

#### STEP 6

**All applicants:** The college or trade school will tell you how much aid you can get at that school. Contact the school's financial aid office if you have any questions about the aid being offered.

**First-time applicants:** Review award letters from schools to compare amounts and types of aid being offered. Decide which school to attend based on a combination of (a) how well the school suits your needs and (b) its affordability after all aid is taken into account.

*Note: You also might be able to get financial aid from your state government, your school, or a private scholarship. Research nonfederal aid early (ideally, start in the spring of your junior year of high school). You can find a free scholarship search at [www.studentaid.ed.gov/scholarship](http://www.studentaid.ed.gov/scholarship). Be sure to meet all application deadlines!*

### Federal Student Aid Process

The Federal Student Aid process has four cycles. Below is a brief description of each one of them.

#### PREPARE

This guide gives you information about federal student aid programs, as well as other means of paying for your education after high school.

#### APPLY

Too many students assume they won't qualify or think the FAFSA looks difficult to complete. The improved online FAFSA is much simpler than it used to be. It's a good idea to apply. You may be surprised by the amount of aid for which you qualify.

#### RECEIVE

We'll inform you and your selected schools about your Expected Family Contribution (EFC). Then the schools will tell you how much—and what sorts of—aid you qualify for.

#### REPAY

If your aid is in the form of a loan, this guide will give you general information on repayment. You can find detailed information on repaying student loans at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) and in *Your Federal Student Loans* at [www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs).

Student loans, unlike grants and work-study, are borrowed money that must be repaid, with interest, just like car loans and home mortgages. You cannot have these loans canceled because you didn't like the education you received, didn't get a job in your field of study, or are having financial difficulty.

Loans are legal obligations, so before you take out a student loan, think about the amount you'll have to repay over the years. For information on repayment plans go to

[www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).



# PART I. PREPARE TO PAY FOR COLLEGE

*When we refer to "school" in this guide, we mean a two-year or four-year public or private college or university, or a career school.*

## Choosing the Right School

### What type of school is right for me?

If you can't decide where to go to school or need help planning for college, talk to your school counselor or:

- Visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov) and click on "Choosing a School."
- Read the school's catalog or introductory materials.
- Visit the U.S. Department of Education's College Navigator at <http://nces.ed.gov/collegenavigator>.
- Visit [www.collegecost.ed.gov](http://www.collegecost.ed.gov).

Remember to carefully evaluate all relevant aspects of the schools you're considering. Just because a school participates in our federal student aid programs doesn't mean we've endorsed the quality of education the school offers.

If you suspect fraud, waste, or abuse involving federal student aid or if you believe that school personnel have misrepresented any aspect of the educational program or its costs, you should call the Inspector General Hotline at 1-800-MIS-USED (1-800-647-8733).

## MyFSA

Create a personal portfolio at Federal Student Aid to keep track of your college searches, college applications, career interests,

and other items related to your college and career search. Go to [www.studentaid.ed.gov/myfsa](http://www.studentaid.ed.gov/myfsa) to create your MyFSA account.

### What can I do with a MyFSA account?

**Create a profile.** Your information will be stored in your profile.

**Search for colleges and scholarships.** Any colleges you add will be stored and can be used in worksheets and tables you use in MyFSA.

**Apply for colleges.** MyFSA will track where you stopped entering your information and will link you to all applications in progress.

**Store and access financial aid information.** Any scholarship, loan, and cost of attendance information is saved. You also can calculate an Estimated Family Contribution (EFC)—the eligibility index.

**Create an event calendar.** Access your events on a daily, weekly, or monthly basis.

**Research careers.** Once you have completed the Self Assessment and Career Finder, any careers or majors that have met your specifications can be stored and accessed.

## Early Eligibility Indicator: FAFSA4caster<sup>SM</sup>

### What is the FAFSA4caster?

FAFSA4caster<sup>SM</sup>, at [www.fafsa.gov](http://www.fafsa.gov), is a free online tool that provides you with early estimates of your eligibility for federal student aid to help you plan ahead for college.

### Not sure what a term means?

You will find financial aid terms that might be new to you. These words will be highlighted in bold the first time you see them. Go to the Glossary on page 19 or visit our online glossary at [www.studentaid.ed.gov/glossary](http://www.studentaid.ed.gov/glossary) to find out what they mean.





## Prepare To Pay For College

OVERVIEW

PREPARE

APPLY

RECEIVE

REPAY

### Who should use FAFSA4caster?

FAFSA4caster is for anyone who is not yet ready to file an official FAFSA. You do not have to be a high school senior to use FAFSA4caster; in fact, the tool is recommended for juniors, and even as early as middle school.

### Reducing the Cost of Education

There are other options you might consider to lower the cost of your education after high school.

#### Lower-cost schools

- Community colleges are usually less expensive than four-year schools. Make sure your community college courses will transfer to your four-year college and that they will count toward your bachelor's degree. Discuss any concerns you have about transfer courses and credits with the college registrar at the college you're transferring to.
- You can live at home and can save money on room and board.

#### State Higher Education Agencies

Contact your state higher education agency about any aid program or scholarship sponsored by your state. Find its contact information information at:

[www.ed.gov/Programs/bastmp/SHEA.htm](http://www.ed.gov/Programs/bastmp/SHEA.htm) (this URL is case-sensitive).

#### Work or volunteer opportunities

You can work part-time to pay part of your costs as long as work and school schedules don't conflict and you have enough time for studying.

#### Federal income tax credits and tax breaks

There are tax credits available to help you offset the costs of higher education by reducing the amount of your income tax. Certain borrowers can receive a tax deduction for the interest actually paid on student loans for postsecondary education expenses. For information on both benefits, see IRS Publication 970, *Tax Benefits for Education* at [www.irs.gov](http://www.irs.gov).

### Am I Eligible?

To receive aid from the federal student aid programs discussed in this guide, you must meet basic requirements (see table 2). For more details, go to [www.studentaid.ed.gov/eligible](http://www.studentaid.ed.gov/eligible). There is no age limit or cut-off age to receive federal student aid.

#### Students with intellectual disabilities

Students with intellectual disabilities can receive federal student aid under the Federal Pell Grant Program, FSEOG Program, and Federal Work-Study Program. To be eligible, you must be enrolled or accepted for enrollment in a comprehensive transition and postsecondary program for students with intellectual disabilities at an institution of higher education.

For more information on a comprehensive transition and postsecondary program for students with intellectual disabilities, ask your financial aid office at the school you're planning on attending or go to [www.studentaid.ed.gov/eligible](http://www.studentaid.ed.gov/eligible).

### How Much Financial Aid Can I Get?

How much aid you get depends on:

- Your financial need;
- Your cost of attendance (total amount it will cost you to go to school); and
- Your enrollment status (that is, full-time, half-time, etc.).

#### Calculating your financial need

Aid for most of our programs is awarded based on financial need (except for Direct Unsubsidized Loans, Direct PLUS Loans, and TEACH Grants; see pages 8 – 11 for more information on these programs). The EFC is the number used to determine your federal student aid.

#### Calculating Your Financial Need

Your Expected Family Contribution (EFC) is used to determine your financial need:

$$\begin{array}{r} \text{Cost of Attendance} \\ - \text{Expected Family Contribution} \\ \hline = \text{Financial Need} \end{array}$$

### Understanding your Expected Family Contribution (EFC)

The EFC is calculated using information you report on the FAFSA, according to a formula established by law. Your family's income



Table 2. Basic Requirements

Basic Requirements	
Financial need	Except for the TEACH Grant and some loan programs, you must show that you have financial need, according to our requirements (see How much financial aid can I get? on page 6).
Education	<p>You must meet one of the following:</p> <ul style="list-style-type: none"> <li>Received a high school diploma or a General Educational Development (GED) certificate.</li> <li>Completed a high school education in a homeschool setting approved under state law.</li> <li>Passed an approved ability-to-benefit (ATB) test. If you don't have a diploma or GED certificate, you can take an approved ATB test to determine whether you can benefit from the education offered at that school.</li> <li>If you don't have a high school diploma or its equivalent, or have not passed an ATB test, you may become eligible to receive federal student aid if the institution you plan on attending determines you have the ability to benefit from postsecondary education because you have satisfactorily completed six credit hours or the equivalent course work toward a degree or certificate offered by the institution. You may not receive aid while earning the six credit hours.</li> <li>Meet other standards your state has established and that the U.S. Department of Education has approved.</li> </ul>
U.S. citizen or eligible noncitizen	You must be a U.S. citizen or eligible noncitizen.
Social Security number	You must have a valid Social Security number (SSN). If you don't have an SSN, you can find out more about applying for one at <a href="http://www.ssa.gov">www.ssa.gov</a> or by calling 1-800-772-1213; TTY users can call 1-800-325-0778.
Enrollment	You must be enrolled or accepted for enrollment as a regular student leading to a degree or certificate in an eligible program.
Selective Service	You must comply with Selective Service registration. If you're a male age 18 through 25 you can register online at <a href="http://www.ssa.gov">www.ssa.gov</a> or call 1-847-688-6888; TTY users can call 1-847-688-2567.
Not in default	When you apply for federal student aid you sign a statement that certifies that you will use federal student aid for educational purposes only. You also certify that you are not in default on a federal student loan and do not owe a refund on a federal student grant (which could happen if you have withdrawn from school, for example).
Satisfactory academic progress	You must meet satisfactory academic progress standards set by the postsecondary school you are or will be attending.
Cases of limited eligibility	You have limited eligibility for federal student aid while you're incarcerated. If you have been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid, you will be ineligible for a period of time based on the type and number of convictions.



## Prepare To Pay For College

and assets are considered in determining your EFC. Your family size and how many will be attending a college or career school also are considered. Your EFC will appear on the *Student Aid Report (SAR)* you receive from the Department after you file your FAFSA. To determine your financial need for federal student aid programs (except for a Direct Unsubsidized Loan), your school subtracts the Expected Family Contribution (EFC) from your cost of attendance (see Calculating Your Financial Need on page 6).

You can get detailed worksheets of the EFC formula at [www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs). Click on the year under The EFC Formula or you can call the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

### How will I be paid and how often?

Your school will:

- Credit your funds to your school account;
- Pay you directly;
- Combine these methods; or
- With your permission, credit your bank account.

### Unusual family circumstances

The EFC formula is basically the same for all applicants; however, if your family has unusual circumstances, your financial aid administrator (FAA) can use professional judgment to adjust the cost of attendance or the information used to calculate your EFC.

## Types of Federal Student Aid

### There are three types of federal student aid.

- Grants—financial aid that doesn't have to be repaid (unless, for example, you withdraw from school and owe a refund).
- Work-Study—you work to earn money for your education.
- Loans—you borrow money for your education; you must repay your loans, with interest.

### Grants

#### There are four types of federal student aid grants.

Almost all federal grants are awarded to students with financial need. The amount of your grant depends on your cost of attendance, EFC, enrollment status (full- or part-time) and your enrollment period (whether you attend for a full academic year or less). For award amounts, go to page 2 or go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding).

- **Federal Pell Grant:** Pell Grants are the foundation of federal student financial aid, to which aid from other federal and nonfederal sources might be added. Pell Grants are generally awarded only to undergraduate students—those who haven't earned a bachelor's degree. For more information, go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding).
- **Federal Supplemental Educational Opportunity Grant (FSEOG):** FSEOGs are awarded to undergraduate students with exceptional financial need—those with the lowest EFCs. Not all schools participate in the FSEOG Program and those that do have limited funds available.
- **Teacher Education Assistance for College and Higher Education (TEACH) Grant:** The program provides you with grant assistance if you meet certain teaching obligations. If you do not complete these obligations, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan. For detailed information on this grant, visit [www.teachgrant.ed.gov](http://www.teachgrant.ed.gov).
- **Iraq and Afghanistan Service Grant:** If you are not eligible for a Pell Grant but your parent or guardian was a member of the U.S. armed forces and died as a result of service performed in Iraq or Afghanistan after 9/11, you may be eligible for this grant. You must have been under 24 years old or enrolled in college, at least part-time, at the time of your parent's or guardian's death.

### Can I receive a grant if I'm enrolled less than half-time?

Yes, less than half-time students are eligible for Pell, FSEOG, TEACH, and Iraq and Afghanistan Service Grants.

*The information in this guide was compiled in the summer of 2011. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).*

## Work-Study

### What is the Federal Work-Study (FWS) Program?

Under the FWS Program, you can work part-time to earn money for your education. The FWS Program is administered by schools participating in the program.





## Loans

There are two loan programs. The Federal Perkins Loan Program and the Direct Loan Program. The Direct Loan Program is the largest student loan program and has four types of loans available. They are: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans.

### Federal Perkins Loan Program

This school-based loan program is

- Available at participating schools to undergraduate, graduate, and professional degree students.
- Offered to students who demonstrate financial need.
- Available to students enrolled full-time or part-time.

Repayments are made directly to your school.

### How much can I borrow?

The Federal Student Aid summary table on page 2 shows the maximum Perkins Loan funds you can receive, depending on whether you're an undergraduate, graduate, or professional degree student. Go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding) for more information.

### How will I receive my loans?

Your school will either pay you directly (usually by check) or credit your account.

### William D. Ford Direct Loan (Direct Loan) Program

You must be enrolled as at least a half-time student to be eligible for a loan. Direct Loans include the following:

#### Direct Loans

- **Direct Subsidized Loans**—you must have financial need to receive a subsidized loan. The U.S. Department of Education will pay (subsidize) the interest that accrues on your Direct Subsidized Loan during certain periods. As of July 1, 2012, graduate and professional degree students are not eligible to receive subsidized loans.
- **Direct Unsubsidized Loans**—financial need is not a requirement to obtain an unsubsidized loan. You are responsible for paying the interest that accrues during all periods.

#### Direct PLUS Loans (PLUS Loans)

Parents of dependent students and students pursuing a graduate

or professional degree can borrow from the PLUS Loan program. The school's financial aid office can provide additional instructions and details on applying for a PLUS Loan.

The applicant must not have an adverse credit history. The fixed interest rate is 7.9%.

A PLUS Loan made to the parent cannot be transferred to the student. The parent is responsible for repaying the PLUS Loan. There is a fee of 4 percent of the loan amount.

#### Direct Consolidation Loans (Consolidation Loans)

Allow student or parent borrowers to combine multiple federal education loans into one loan with one monthly payment. (See page 18 for more information on these loans.)

### How much can I borrow?

Table 1 shows the annual amount you can borrow. Table 4 shows the maximum amounts you can borrow per year and in aggregate for Subsidized and Unsubsidized Direct Loans.

#### Direct Subsidized Loans

- Available to undergraduate students who demonstrate financial need.
- Eligible students can apply for it to cover some or all of their need, but should not exceed it.

#### Direct Unsubsidized Loans

- There is no requirement for students to demonstrate financial need.

Depending on your financial need, you may receive both subsidized and unsubsidized loans for the same enrollment period, but the total amount of these loans may not exceed the annual loan limit.

### How will I receive my loans?

In general, your school will disburse your loan in at least two installments. If you're a first-time borrower, you must complete entrance counseling before you receive your first loan disbursement.

Student loan money must first be used to pay for your tuition, fees, and room and board. If loan funds remain, you'll receive them by check or in cash, unless you give the school written permission to hold the funds until later in the enrollment period.

### What if I don't want the loan(s) I was offered?

Before your loan money is disbursed, you may cancel all or part





## Prepare To Pay For College

of your loan at any time by notifying your school. After your loan is disbursed, you may cancel all or part of the loan within certain time frames. Your promissory note and additional information you receive from your school will explain the procedures and time frames for canceling your loan.

### What's the interest rate on these loans?

The fixed interest rates for loans first disbursed on or after July 1, 2012, appear in the table 3 below.

Go to [www.studentaid.ed.gov/interestrates](http://www.studentaid.ed.gov/interestrates) for more information on interest rates.

Table 3. Interest rates for Direct and Perkins loans

Type of loan	Interest rate
Direct Subsidized	6.8%
Direct Unsubsidized	6.8%
Direct PLUS	7.9%
Federal Perkins	5%

### Who pays the interest on my loans?

#### Direct Subsidized Loan

For a subsidized loan, the U.S. Department of Education pays the interest:

- ▶ While you're in school at least half-time; or
- ▶ For the first six months after you leave school (referred to as a "grace period"); or
- ▶ During a period of deferment (a postponement of loan payments).

However, you pay the interest during periods of forbearance.

#### Direct Unsubsidized Loan

You're responsible for paying the interest on unsubsidized loans during all periods. The interest accrues on the loan from the time the loan is disbursed until it's paid in full. You can:

- Pay the interest while you're in school and during deferment or forbearance periods.
- Or, you can allow the interest to accrue (accumulate) and have the interest added to the principal amount of your loan. This is called "capitalization." This will increase the total amount that you have to repay because you will be charged interest on a higher principal amount.

#### Direct PLUS Loan

You're responsible for paying the interest during all periods.

### No interest accrual for borrowers in the military

No interest accrues (for a period of no more than 60 months) on Direct Loans first disbursed on or after Oct. 1, 2008, for eligible military borrowers while serving on active duty or performing qualifying National Guard duty during a war or other military operation or other emergency, and serving in an area of hostilities qualifying for special pay. You also may qualify for deferment of repayment on your loans while serving on active duty in the military (see page 17).

### Other Sources of Information

Below are other resources for information on financial aid.

- **School financial aid office:** Talk to the financial aid staff at each school you're interested in to find out about the school's financial aid programs and the total cost of attending that school.
- **State Higher Education Agency:** Your state agency can give you important information about state aid. See the "State Higher Education Agency" at [www.ed.gov/Programs/bastmp/SHEA.htm](http://www.ed.gov/Programs/bastmp/SHEA.htm) (this URL is case-sensitive) for contact information.
- **AmeriCorps:** This program provides full-time educational awards in return for community service work. For more information, go to: [www.americorps.gov](http://www.americorps.gov) or call 1-800-942-2677 (TTY: 1-800-833-3722).
- **Businesses and labor organizations:** Many companies, businesses, and labor organizations have programs to help employees or members and their families pay the cost of postsecondary education.
- **Organizations, foundations, etc.:** Foundations, religious organizations, fraternities or sororities, and town or city clubs often offer financial aid. Include in your search community organizations and civic groups. Organizations connected with your field of interest can also be helpful.
- **U.S. Armed Forces:** The armed forces offer financial aid for service members and their families. For more information on recruitment incentives, contact your local military recruiter or visit the U.S. Department of Defense at [www.todaysmilitary.com](http://www.todaysmilitary.com), click on "Benefits" and then go to "Tuition Support."
- **U.S. Department of Veterans Affairs:** If you are a veteran or you're the spouse or dependent of a veteran, education benefits may be available. Under the *Post-9/11 Veterans Education Assistance Act of 2008*, many post 9/11



veterans and service members are eligible for a comprehensive education benefits package that goes beyond helping to pay for tuition. Many veterans who served after Sept. 11, 2001, will get full tuition and fees, a monthly housing stipend, and a \$1,000 a year stipend for books and supplies. The bill also gives reserve and National Guard members who have been activated for more than 90 days since 9/11 access to the same GI Bill benefits. Information is available at [www.gibill.va.gov](http://www.gibill.va.gov) or by calling 1-888-GI-BILL-1 (1-888-442-4551).

- **Public libraries, scholarship services, and the Internet:** Many private scholarship search services provide sources of financial assistance. The U.S. Department of Education does not evaluate those services. If you decide to use a search service, check its reputation by contacting the Better Business Bureau or your state attorney general's office. Beware of scams and services that will search for financial aid money for you for a fee. You should not have to pay for this information. For more tips on looking for student aid, go to [www.studentaid.ed.gov/LSA](http://www.studentaid.ed.gov/LSA).

You can also search for scholarships at our website at [www.studentaid.ed.gov/scholarship](http://www.studentaid.ed.gov/scholarship).

**Table 4. Maximum annual and aggregate loan limits for Subsidized and Unsubsidized Direct Loans, by type of student and number of years in school**

Year in school	Type of student		
	Dependent undergraduate student (except those whose parents are unable to obtain PLUS Loans)	Independent undergraduate student (and dependent students whose parents are unable to obtain PLUS Loans)	Graduate and professional degree students
<b>First</b>	\$5,500—No more than \$3,500 of this amount may be in subsidized loans	\$8,500—No more than \$3,500 of this amount may be in subsidized loans	\$20,500—No more than \$8,500 of this amount may be in subsidized loans
<b>Second</b>	\$6,500—No more than \$4,500 of this amount may be in subsidized loans	\$10,500—No more than \$4,500 of this amount may be in subsidized loans	(As of July 1, 2012, subsidized loans are no longer available to graduate and professional degree students)
<b>Third and beyond (each year beyond)</b>	\$7,500—No more than \$5,500 of this amount may be in subsidized loans	\$12,500—No more than \$5,500 of this amount may be in subsidized loans	
<b>Maximum total debt from loans when you graduate (aggregate loan limits)</b>	\$31,000—No more than \$23,000 of this amount may be in subsidized loans	\$57,500—No more than \$23,000 of this amount may be in subsidized loans	\$138,500—No more than \$65,500 of this amount may be in subsidized loans; the graduate debt limit includes loans received for undergraduate study

**NOTE:** The amounts shown are the maximum amounts that you may borrow for an academic year (annual loan limits) and in total (aggregate loan limits). You might receive less than the maximum if you receive other financial aid that's used to cover a portion of your cost of attendance. The maximum amount you may borrow will also be less in certain situations, such as if you are an undergraduate student enrolled in a program of study that is shorter than an academic year. Graduate and professional students enrolled in certain health profession programs may receive additional Unsubsidized Direct Loan amounts beyond those shown above.

Your school can refuse to certify your loan or can certify a loan for an amount less than you would otherwise be eligible for if the school documents the reason for its action and explains the reason to you in writing. The school's decision is final and cannot be appealed to the U.S. Department of Education.

#### Important points to remember

- Undergraduate students can apply for Direct Loans. Graduate and professional degree students can apply for Direct Loans and PLUS Loans. Parents of undergraduate students can apply for a PLUS Loan for their dependent child.
- Student loans are legal obligations. It is borrowed money that must be repaid, with interest, just like car loans and home mortgages. So think about the amount you'll have to repay before you take out a loan.
- Student loans can't be canceled because you didn't get—or didn't like—the education you paid for with the loans, didn't get a job in your field of study, or are having financial difficulty. Student loans aren't easily written off in bankruptcy.



## Prepare To Pay For College

OVERVIEW

PREPARE

APPLY

RECEIVE

REPAY



## PART II. APPLY FOR AID

### Complete the FAFSA<sup>SM</sup>

Completing the *Free Application for Federal Student Aid* (FAFSA) is free and easy. Go to *FAFSA on the Web*<sup>SM</sup> at [www.fafsa.gov](http://www.fafsa.gov) for the paper and online version of the application.

#### What do I need to complete the FAFSA?

You will need your Social Security number; your driver's license number (if any); 2011 W-2 forms; 2011 federal income tax returns (or estimates); bank statements; alien registration number (if you are not a U.S. citizen); a Federal Student Aid PIN which can be obtained before or during the application process; and other records. If you are a dependent student (see page 14), you will need your parents' data too. For a detailed list, go to [www.fafsa.gov](http://www.fafsa.gov).

#### When should I apply for federal student aid?

For the 2012–13 academic year, you must apply between Jan. 1, 2012, and June 30, 2013. To determine your eligibility for federal student aid, you need to complete the FAFSA. You may also need to complete an additional application in order to be considered for financial aid from your state or the school you're interested in attending. Contact your state higher education agency and school for more information.

If you apply before your tax return has been completed, you'll have to estimate your income and tax information on your application and make corrections later if your estimated income or tax information was not accurate.

#### How do I apply?

Complete the FAFSA. The online and paper applications are available at [www.fafsa.gov](http://www.fafsa.gov). For the 2012–13 academic year, you

can apply beginning Jan. 1, 2012; you have until June 30, 2013, to submit your FAFSA. But you need to apply early! Schools and states often use the FAFSA information to also award nonfederal aid. Their deadlines are usually early in the year. You can find state deadlines at *FAFSA on the Web*<sup>SM</sup>. Check with the schools you're interested in for their deadlines.

No paper or electronic FAFSA will be accepted prior to Jan. 1, 2012 for the 2012–13 academic year. Any FAFSA received before Jan. 1, 2012, will not be accepted or processed.

#### What if I need help filling out my FAFSA?

Help is available and accessible for every question on the FAFSA if you apply online using *FAFSA on the Web*. Find more free help:

- Online at [www.studentaid.ed.gov/complefafsa](http://www.studentaid.ed.gov/complefafsa).
- From the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243) for any questions on either the paper or online FAFSA.
- From your high school guidance counselor or your college financial aid office.

You can get all the help you need for *FREE* from one of these sources. *NEVER* pay anyone for assistance in completing the online or paper FAFSA.

#### How do I sign my online application?

You use your Federal Student Aid PIN, an electronic access code that serves as your personal identifier and signature. Your Federal Student Aid PIN allows you to sign your FAFSA electronically, complete the student aid process completely paperless, and access your federal student aid records online. If you're a dependent student, one of your parents can also get a PIN to sign your FAFSA electronically.



## Apply For Aid

### How and when should I get a PIN?

You will be offered the option of getting one in real time when you fill out the online FAFSA. You can also apply for a PIN in advance at [www.pin.ed.gov](http://www.pin.ed.gov).

### I can't remember my PIN.

You can request a duplicate PIN at [www.pin.ed.gov](http://www.pin.ed.gov). After you receive your duplicate PIN, you should return to the PIN site and use the "Change My PIN" function to choose a PIN you will be able to remember.

#### Safeguard your PIN!

- Your PIN is used to sign legally binding documents electronically and access your student aid records. It has the same legal status as a written signature.
- Don't give your PIN to anyone—not even to someone helping you fill out the FAFSA. Sharing your PIN could put you at risk of identity theft.
- Change your PIN to one you can easily remember if you think you might forget the one issued or think someone might know your PIN.

**Table 5. Dependency Status**

Answer these questions to find out if you are dependent or independent		
Were you born before Jan. 1, 1989?	Yes	No
Are you married? (Answer "Yes" if you are separated but not divorced.)	Yes	No
At the beginning of the 2012–13 school year, will you be working on a master's or doctorate degree (such as an M.A., M.B.A., M.D., J.D., Ph.D., Ed.D., graduate certificate, etc.)?	Yes	No
Are you currently serving on active duty in the U.S. armed forces for purposes other than training? If you are a National Guard or Reserves enlistee, are you on active duty for other than state or training purposes?	Yes	No
Are you a veteran of the U.S. armed forces?	Yes	No
Do you have children who will receive more than half of their support from you between July 1, 2012, and June 30, 2013?	Yes	No
Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2013?	Yes	No
At any time since you turned age 13, were both your parents deceased, were you in foster care, or were you a dependent or ward of the court?	Yes	No
Has it been decided by a court in your state of legal residence that you are an emancipated minor or that you are in a legal guardianship?	Yes	No
At any time on or after July 1, 2011, were you determined to be an unaccompanied youth who was homeless, as determined by (a) your high school or district homeless liaison or (b) the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development?	Yes	No
At any time on or after July 1, 2011, did the director of a runaway or homeless youth basic center or transitional living program determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless?	Yes	No

If you answered "No" to all of these questions, you're a dependent student. Go to [www.fafsa.gov](http://www.fafsa.gov) for more information.





Not living with parents or not being claimed by them on tax forms doesn't determine your dependency status.

### What if I'm considered a dependent student but have no contact with my parents or access to their information?

Under federal law you and your family are primarily responsible for paying for your college expenses. To determine how much your family can afford to pay toward your college expenses, the Department must collect your financial information and, if you are a dependent student, your parents' financial information.

#### Special circumstances

Under very limited circumstances, an otherwise dependent student may be able to submit the FAFSA without parental information. For more information, go to [www.fafsa.gov](http://www.fafsa.gov).

### What if I'm a dependent student but my parents are divorced or separated?

You should report information about the parent you lived with for the greater amount of time during the 12 months preceding the date you file your FAFSA.

### Do I report my stepparent's information?

Your stepparent's financial information is required on the FAFSA if the parent you lived longer with has remarried.

This does not mean your stepparent is obligated to give financial assistance to you, but his or her income and assets are important pieces of your family's financial situation. Including this information on the FAFSA helps us form an accurate picture of your family's total financial strength.

### Do I need to fill out a FAFSA every year I apply for aid?

Yes. You must reapply for federal student aid every year. If you change schools, your aid doesn't automatically transfer with you. Check with your new school to find out what you need to do to continue receiving financial aid.

## What Happens After I Submit My FAFSA Online?

### You will receive your *Student Aid Report* (SAR)—the processed FAFSA results.

When you complete and submit your online application, be sure to print the summary page of your FAFSA on the Web data and print your confirmation page. Once your FAFSA is processed, you will receive a paper or electronic *Student Aid Report* (SAR). The SAR summarizes all the information you provided on your FAFSA and will usually contain your Expected Family Contribution (EFC), the number used in determining your eligibility for federal student aid. Your EFC will appear in the upper right-hand portion of the SAR. You might not get an EFC if the Department needs more information from you to process your data. This means your application is incomplete and you need to make corrections (see below).

The delivery of your SAR depends on whether you provide an e-mail address when you apply for aid:

- You will receive your SAR by e-mail within three to five days after your FAFSA has been processed if you provided an e-mail address when you applied. This e-mail will contain a secure link so you can access your SAR online.
- You will receive a paper SAR by mail within seven to 10 days after your FAFSA has been processed if you do not provide an e-mail address when you apply. Whether you apply online or by paper, we will automatically send your data electronically to the schools you listed on your FAFSA.

Your **Data Release Number (DRN)** also will be on the SAR, and if you applied for a PIN during the FAFSA on the Web signature process, you'll receive information about the status of your PIN.

### What do I do with my SAR?

**Review it carefully to make sure it's correct and complete.**

The school(s) you've selected to receive your SAR will use this information to determine if you're eligible for federal—and possibly nonfederal—financial aid. If the school you want to attend is not listed on your SAR, you must add that school to your SAR so that the school can receive your data.

### Making corrections to my information

- You can make them online using your PIN by going to [www.fafsa.gov](http://www.fafsa.gov) and selecting "Start Here."
- Your school might be able to make them for you electronically (check with your school).



## Apply For Aid

- Or, if you received a paper SAR, make any necessary corrections on that SAR and mail it to the address on the form for processing.

You can make a few changes to your FAFSA by calling the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). You must have the DRN available. The DRN is located on your SAR and on your FAFSA on the Web confirmation page.

Here's what you can change over the phone:

- your mailing or e-mail address;
- the names of schools that you want to receive your FAFSA information; and
- your answer to the question concerning a drug conviction.

For all other changes, you must correct your FAFSA using one of the other options above.

## When will I receive my aid?

If you're eligible for federal student aid, the schools listed on your FAFSA (that also have offered you admission) will send you an **award letter** before you start class. The award letter lists the types and amounts of financial aid you are eligible to receive from federal, state, and institutional sources. You review the award letter and decide which aid to accept.

## How much will I get?

The award letter shows your complete **financial aid package**, which can include a combination of aid types. Once you decide which aid to accept in the award letter, sign it and return it to the school for processing. Depending on the school, this process is done either on paper or online. The school will then deposit the funds to your student account or send you a check (find out at your financial aid office). You won't be receiving checks or deposits directly from the U.S. Department of Education; all funds will be given to you through your school. For more information, go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding).

OVERVIEW

PREPARE

**APPLY**

RECEIVE

REPAY



## PART III. REPAY YOUR LOAN

### Loan Repayment

This section gives you basic information on loan repayment.

You can find more information online at

[www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) or from the publication *Your Federal Student Loans: Learn the Basics and Manage Your Debt* (see inside back cover).

#### When do I start paying back my student loans?

After you graduate, leave school, or drop below half-time status, there is a set period of time called a "grace period" that gives you time to get financially settled and select your repayment plan. After your grace period, you must begin repayment on your loan(s).

- Your grace period will be six months for Direct Loans and nine months for Perkins Loans.
- If you are called to active military duty for more than 30 days, the grace period will be delayed.
- Direct PLUS Loans do not have a grace period, but borrowers can defer repayment for six months. Go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) for more information. The repayment period begins when the loan is fully disbursed, and the first payment is due 60 days after the final disbursement.

#### How much time do I have to repay my student loans?

Depending on the types of loans you have and repayment plan you choose, you can have from 10 to 30 years to repay your loans. See below or go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).

#### How much will I have to repay each month?

Your monthly repayment amount will depend on the type of

loan you have, the size of your debt, the length of your repayment period, and the repayment plan you choose.

#### What repayment plans are available?

You can choose from several repayment plans. If you don't choose a repayment plan when you first begin repayment, you'll be placed under the Standard Repayment Plan (with fixed payments for up to 10 years).

Find more details and examples of repayment amounts at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) (interactive calculators are also available there).

#### What if I'm having trouble repaying my loans?

You can change repayment plans to suit your financial circumstances.

#### How do I keep track of how much money I'm borrowing and the types of aid I have?

Using your PIN, access the National Student Loan Data System (NSLDS) at [www.nslds.ed.gov](http://www.nslds.ed.gov) to see details of your loan(s).

### Postponing Loan Repayment

Under certain circumstances, you can receive periods of **deferment** or **forbearance** that allow you to postpone loan repayment. These periods don't count toward the length of time you have to repay your loan. You can't get a deferment or forbearance for a loan that is already in **default**.

#### Applying for deferment or forbearance

Receiving deferment or forbearance is not automatic. You must apply for it. For Perkins Loans, contact your school. For all other





## Repay Your Loan

loans, contact your servicer. If you're not sure who your servicer is you can go to NSLDS at [www.nslds.ed.gov](http://www.nslds.ed.gov) and use your PIN to access all your federal student loan information, including contact information for your loan servicer.

To find out about the types of deferment and forbearance options, go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).

You must continue making payments on your student loan until you have been notified that your request for deferment has been granted. If you don't, and your deferment is not approved, you will become delinquent and may default on your loan.

## Consolidating Your Loans

### What is loan consolidation?

Borrowers can combine one or more of federal student loans with various repayment schedules into one Direct Consolidation Loan with one single monthly payment.

Because you could lose borrower benefits if you consolidate, you should carefully review your consolidation options before you apply. Talk to your loan servicer to get more information before you consolidate or go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).

### When can I consolidate my loans?

You can consolidate during your grace period, once you've entered repayment, and during periods of deferment or forbearance.

## Loan Cancellation

### Is it ever possible to have my federal student loan canceled?

Under certain circumstances, you can have all or part of your loan canceled. For more information, go to [www.studentaid.ed.gov/discharges](http://www.studentaid.ed.gov/discharges) or review *Your Federal Student Loans: Learn the Basics and Manage Your Debt* (see inside back cover).

OVERVIEW

PREPARE

APPLY

RECEIVE

REPAY



# GLOSSARY

A detailed version of this glossary is available at [www.studentaid.ed.gov/glossary](http://www.studentaid.ed.gov/glossary).

**Ability to Benefit (ATB)** Students who are not high school graduates (or who have not earned a General Educational Development [GED] Certificate) can demonstrate that they have the “ability to benefit” from the education or training being offered by passing an approved ATB test.

**Academic Year** This is the measure of the academic work to be accomplished by a student each year as defined by the school and that meets minimum requirements in the law. Academic years vary from school to school and even from educational program to educational program at the same school.

**Agreement to Serve (ATS)** A contractual obligation under which a student receiving a TEACH Grant commits to teach full-time in a high-need field at a low-income school or educational service agency that serves certain low-income schools and within certain high-need fields for a certain amount of time.

**Award Letter** Coming from a school, this letter states the type and amount of financial aid the school is willing to provide if you accept admission and register to take classes at that school.

**Capitalization** This is the addition of unpaid interest to the principal balance of a loan. This increases the outstanding principal amount due on the loan. Interest is then charged on that higher principal balance, increasing the overall cost of the loan to the borrower.

**Cost of Attendance (COA)** The total amount it will cost you to go to school—usually expressed as a yearly figure. The COA includes tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, loan fees, and, if applicable, dependent care. It also includes miscellaneous and personal expenses, including an allowance for the rental or

purchase of a personal computer. Costs related to a disability also are covered.

**Data Release Number (DRN)** A four-digit number assigned to your application by Federal Student Aid. It will appear on the first page of your paper or electronic *Student Aid Report* (SAR) and also on the confirmation page when you complete the FAFSA online. You will need the DRN if you contact the Federal Student Aid Information Center to make corrections to your mailing address or the schools you listed on your FAFSA. The DRN also allows you to release your FAFSA data to schools you did not list on your original FAFSA.

**Default** This refers to the failure to repay a loan according to the terms agreed to when you signed a promissory note. The consequences of default are severe. Your school, the lender, or agency that holds your loan, the state, and the federal government may all take action to recover the money, including notifying national credit bureaus of your default. In addition, the Internal Revenue Service can withhold your U.S. individual income tax refund and apply it to the amount you owe, or the agency holding your loan might ask your employer to deduct payments from your paycheck.

**Deferment** A period of time during which no payments are required. To qualify for a deferment, you must meet specific eligibility requirements. Depending on the type of loan you have, interest might accrue and *capitalize* during this period.

**Direct Loan Program™** The William D. Ford Federal Direct Loan Program. Loans made through this program are referred to as Direct Loans. Direct Loans include subsidized and unsubsidized, Direct PLUS Loans, and Direct Consolidation Loans.



## Glossary

**Educational Service Agency** A regional public multiservice agency (not a private organization) that is authorized by state law to develop, manage, and provide services or programs to local education agencies, such as public school districts.

**Eligible Noncitizen** A U.S. national (includes natives of American Samoa or Swains Island) or U.S. permanent resident who has an I-151, I-551, or I-551C (Permanent Resident Card). If you're not in one of the previous I categories, you must have an Arrival-Departure Record (I-94 Form) showing a specific designation.

**Eligible Program** A program of organized instruction or study that leads to an academic, professional, or vocational degree or certificate, or other recognized education credential.

**Expected Family Contribution (EFC)** This is the number that's used to determine your eligibility for federal student financial aid. This number results from the financial information you provide in your FAFSA<sup>®</sup> application. Your EFC is reported to you on your *Student Aid Report (SAR)*.

**FFEL<sup>®</sup> Program** The Federal Family Education Loan Program<sup>®</sup>. As a result of the *Health Care and Education Reconciliation Act of 2010*, beginning July 1, 2010, federal student loans under the FFEL Program are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program.

**Financial Aid Administrator (FAA)** He or she who works at a college or career school and is responsible for preparing and communicating information on student loans, grants, or scholarships and employment programs. The FAA and staff help students apply for and receive student aid. The FAA is also capable of analyzing student needs and making professional judgment changes when necessary.

**Financial Aid Package** This is the total amount of financial aid (federal and nonfederal) a student is offered by the school. The financial aid office at a postsecondary institution combines various forms of aid into a "package" to help meet a student's education costs. The amount of federal student aid in a package is affected by other sources of aid received (scholarships, state aid, etc.).

**Forbearance** If you are temporarily unable to make your monthly loan payments (for example, due to illness or financial hardship) but you do not meet the eligibility requirements for a deferment, you might be granted forbearance for a limited and specific period of time.

**General Educational Development (GED) Certificate** Students who've passed a specific, approved high school equivalency test receive this certificate. A school that admits students without a high school diploma must make available a GED program in the vicinity of the school and must inform students about the program.

**Half-time** This term refers to an enrolled student who is carrying a half-time academic workload, as determined by the institution.

**National Student Loan Data System<sup>®</sup> (NSLDS<sup>®</sup>)**

The U.S. Department of Education database for federal student financial aid is where you can find out about the aid you've received. NSLDS receives data from schools, guaranty agencies, and U.S. Department of Education programs. The NSLDS website is generally available 24 hours a day, seven days a week. By using your PIN, you can get information on federal loan and Pell Grant amounts, outstanding balances, the status of your loans, and disbursements made. You can access NSLDS at [www.nslds.ed.gov](http://www.nslds.ed.gov).

**Principal** This is the amount of money borrowed. Interest is charged on this amount.

**Promissory Note** The document you must sign before you receive a student loan is a promissory note, which is a legally binding agreement to repay the loan. It lists the terms and conditions under which you agreed to repay the loan and explains your rights and responsibilities as a borrower.

**Regular Student** This term refers to a student who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized education credential offered by that institution.

**Satisfactory Academic Progress** This is the school's standards of satisfactory academic progress toward a degree or certificate offered by that institution. Check with your school to find out its standards.

**Selective Service Registration** Males born on or after Jan. 1, 1960, at least 18 years old, and not currently on active duty in the U.S. armed forces, must register, or arrange to register, with the Selective Service System before their 26th birthday to receive federal student aid.

**Student Aid Report (SAR)** Your FAFSA results are either sent in an e-mail report within a few days after your FAFSA has been processed or by mail in a few weeks, depending on how the application was originally completed (online or paper, respectively).



## Other Federal Student Aid Publications

[www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs)

### *College Preparation Checklist*

This foundational booklet for students (elementary, junior and high school, adult) considering college explains how to prepare academically and financially for college through "to do" lists aimed at students and parents. Simply worded information about federal aid, the application process, and how to find information on scholarships also is included. Readers are directed to publications and websites for more detailed discussions of the topics in the checklist.

[www.studentaid.ed.gov/colprep](http://www.studentaid.ed.gov/colprep)

### *Completing the FAFSA<sup>SM</sup>*

This online resource contains detailed instructions for completing the *Free Application for Federal Student Aid (FAFSA<sup>SM</sup>)*.

[www.studentaid.ed.gov/complefafsa](http://www.studentaid.ed.gov/complefafsa)

### *Funding Your Education: Audio Highlights*

This resource for the visually impaired describes our federal student aid programs. You can order a CD or listen online at

[www.studentaid.ed.gov/audio](http://www.studentaid.ed.gov/audio)

### *Save Your Money, Save Your Identity*

This online brochure provides information on how financial aid applicants can avoid fraud and identity theft.

[www.studentaid.ed.gov/LSA](http://www.studentaid.ed.gov/LSA)

### *Loan Forgiveness Program for Teachers*

This brochure describes the eligibility criteria for having a loan forgiven for service as a teacher.

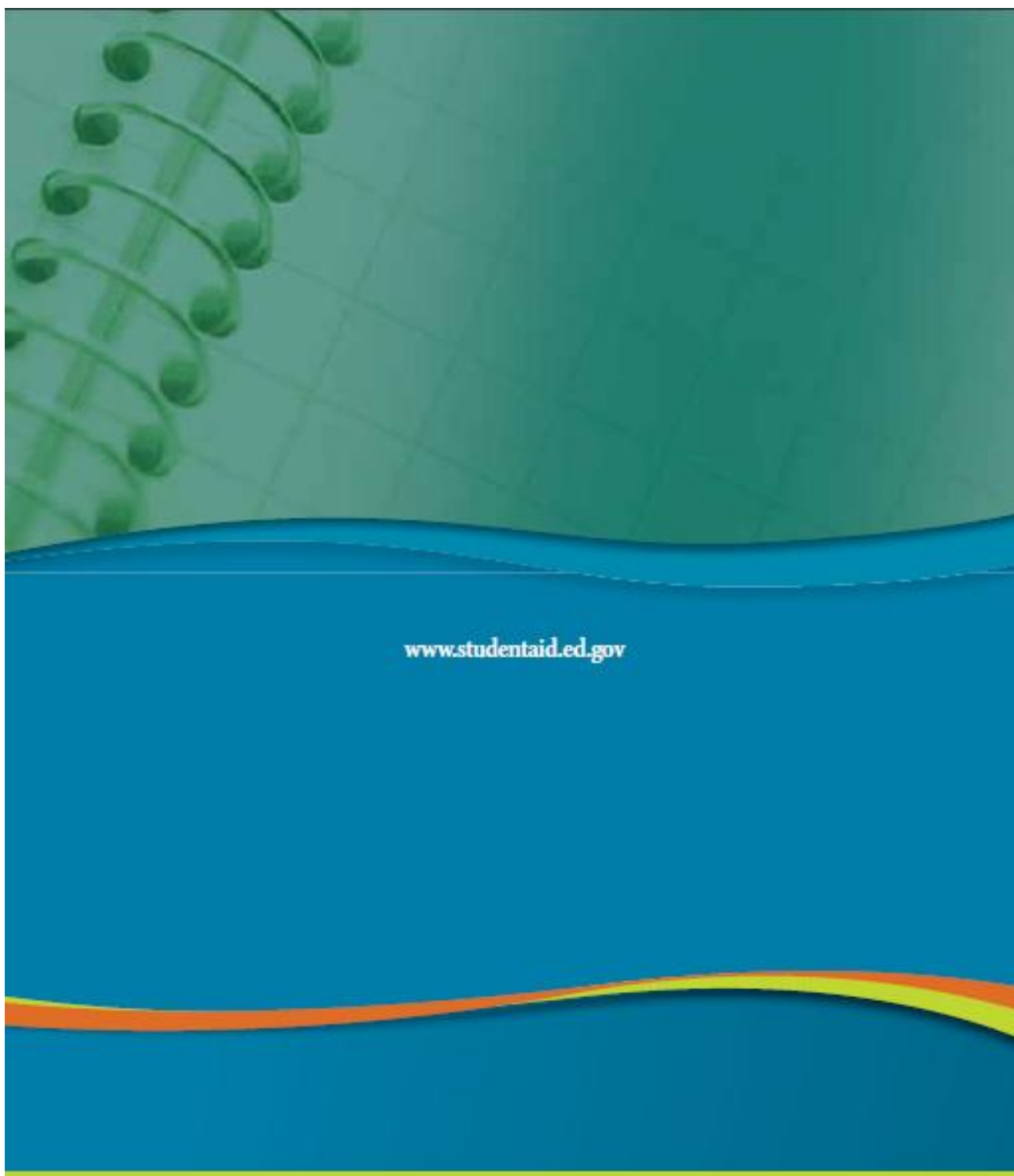
[www.studentaid.ed.gov/LoanForgivenessForTeachers](http://www.studentaid.ed.gov/LoanForgivenessForTeachers) (case-sensitive)

### *Your Federal Student Loans: Learn the Basics and Manage Your Debt*

This booklet covers what you should consider when you're planning on borrowing money to pay for your education, such as what types of federal student loans are available, how much to borrow, tips on repaying your loan successfully, the difference between private and federal student loans, the consequences of default, and other helpful hints on how to manage your debt.

[www.studentaid.ed.gov/repayingpub](http://www.studentaid.ed.gov/repayingpub)

### *Visit College.gov on Facebook*



## APPENDIX F

**2011 – 2012 Financial Aid Award Info Draft (SDSU)****FINANCIAL AID AWARD LETTER**

Please complete and return the Award Letter and any enclosed forms promptly. Please list any non-SDSU scholarships and third-party payments on the blank lines near the bottom of the Award Letter.

Most types of financial aid, including loans, require students to be enrolled at least half-time (6 undergraduate or 5 graduate credits) within the South Dakota public university system. Federal Pell Grant awards are listed on the Award Letter based on full-time enrollment status. Pell Grant payments will be prorated for students not enrolled in at least 12 credits after the final date to add classes.

**FEDERAL DIRECT STUDENT LOAN INFORMATION**

Federal student loans are processed through the U.S. Department of Education's Direct Loan Program. Federal Direct Loan eligibility amounts are determined by FAFSA, grade level, and annual loan limits. For additional information visit [www.sdstate.edu](http://www.sdstate.edu) (search: federal loans).

- Students who have not previously borrowed through the Direct Loan Program must complete a Master Promissory Note (MPN) at [www.studentloans.gov](http://www.studentloans.gov).
- First-time federal student loan borrowers are also required to complete Entrance Loan Counseling at [www.studentloans.gov](http://www.studentloans.gov).

**OTHER LOAN PROGRAMS**

The parent of a dependent student may qualify to borrow a federal Direct PLUS Loan. To apply the parent must first complete the SDSU PLUS Request Form found at [www.sdstate.edu](http://www.sdstate.edu) (search: financial aid forms). New Direct PLUS Loan borrowers must also complete a Master Promissory Note (MPN) at [www.studentloans.gov](http://www.studentloans.gov).

Alternative and private loans (non-federal) are offered by some lenders, financial institutions, and state governments. A comprehensive list of lenders used by SDSU students in the past three years is available at [www.sdstate.edu](http://www.sdstate.edu) (search:

private loans). Students should consider these loans only after exhausting eligibility for Federal

Direct Loans. Most alternative and private loans require a credit-worthy cosigner.

**NON-SDSU SCHOLARSHIP PROCESSING**

Students receiving non-SDSU scholarships should advise the donor to send the check to the SDSU Financial Aid Office before July 15 for the fall semester and before December 15 for the spring semester. The student's name and student ID must be listed on the memo line of the check or in an attached correspondence.

Non-SDSU scholarships of \$1,000 or more will be split between semesters unless otherwise requested. Donors should include any special disbursement instructions with the check.

**SPECIAL CIRCUMSTANCES**

A Change of Income Form may be completed to document major changes in income that are not reflected on the 2011-2012 FAFSA. A Special Circumstances Form should be completed when there are unusual or exceptional expenses to be considered. Forms can be found at [www.sdstate.edu](http://www.sdstate.edu) (search: financial aid forms).

**MAINTAINING FINANCIAL AID ELIGIBILITY**

To maintain financial aid eligibility, students must meet Satisfactory Academic Progress Standards. Additional information is available at [www.sdstate.edu](http://www.sdstate.edu) (search: Satisfactory Academic Progress).

**SDePay (ONLINE BILLING and PAYMENT)**

Financial aid paid directly to the student account can be viewed on SDePay. Student account information can be accessed by selecting SDePay under WebAdvisor's Financial Information menu ([webadvisor.sdstate.edu](http://webadvisor.sdstate.edu)). Questions about SDePay should be directed to the **Cashiers Office** at 605-688-6116 or [studentbills@sdstate.edu](mailto:studentbills@sdstate.edu).



**DIRECT DEPOSIT (Recommended)**

Student refunds can be direct-deposited into a checking or savings account. To start this service, complete the online Direct Deposit Refunds form found on WebAdvisor's Financial Information menu.

**JACKS EMAIL**

Email correspondence from the Financial Aid Office will be sent to the student's SDSU Jacks email account. Students should check their Jacks email account regularly. New students will receive Jacks email account information at Orientation.

**CONSUMER INFORMATION**

Federally required consumer information and disclosures including financial aid can be found at [www.sdstate.edu](http://www.sdstate.edu) (search: consumer

information). If needed, please contact the Financial Aid Office for a paper copy of specific content.

Students with prior federal loans can access loan history at [www.nsls.ed.gov](http://www.nsls.ed.gov).

**FINANCIAL AID CONTACT INFORMATION**

Contact the SDSU Financial Aid Office if you have any questions. Office hours are 8:00 to 5:00 weekdays.

SDSU Financial Aid Office  
Administration Lane, Room 100  
Box 2201  
Brookings, SD 57007  
Phone: 605-688-4695 or 800-952-3541  
Fax: 605-688-5882  
E-mail: [financialaid@sdstate.edu](mailto:financialaid@sdstate.edu)

## APPENDIX G

## Institutional Review Board Documentation

**IOWA STATE UNIVERSITY**  
OF SCIENCE AND TECHNOLOGY

Institutional Review Board  
Office for Responsible Research  
Vice President for Research  
1138 Pearson Hall  
Ames, Iowa 50011-2207  
515 294-4366  
FAX 515 294-4267

**Date:** 5/24/2011

**To:** Carrie Johnson  
PO Box 122  
Lake Andes, SD 57356

**CC:** Dr. Robert Bosselman  
31 MacKay

**From:** Office for Responsible Research

**Title:** Do New Student Loan Borrowers Know What They Are Signing? A Phenomenological Study of High School Seniors/College Freshmen and their Financial Aid Experiences

**IRB Num:** 11-108

**Approval Date:** 5/20/2011      **Continuing Review Date:** 5/19/2012

**Submission Type:** New      **Review Type:** Expedited

The project referenced above has received approval from the Institutional Review Board (IRB) at Iowa State University. Please refer to the IRB ID number shown above in all correspondence regarding this study.

Your study has been approved according to the dates shown above. To ensure compliance with federal regulations (45 CFR 46 & 21 CFR 56), please be sure to:

- Use only the approved study materials in your research, including the recruitment materials and informed consent documents that have the IRB approval stamp.
- Obtain IRB approval prior to implementing any changes to the study by submitting the "Continuing Review and/or Modification" form.
- Immediately inform the IRB of (1) all serious and/or unexpected adverse experiences involving risks to subjects or others; and (2) any other unanticipated problems involving risks to subjects or others.
- Stop all research activity if IRB approval lapses, unless continuation is necessary to prevent harm to research participants. Research activity can resume once IRB approval is reestablished.
- Complete a new continuing review form at least three to four weeks prior to the date for continuing review as noted above to provide sufficient time for the IRB to review and approve continuation of the study. We will send a courtesy reminder as this date approaches.

Research investigators are expected to comply with the principles of the Belmont Report, and state and federal regulations regarding the involvement of humans in research. These documents are located on the Office for Responsible Research website <http://www.compliance.iastate.edu/irb/forms/> or available by calling (515) 294-4566.

Upon completion of the project, please submit a Project Closure Form to the Office for Responsible Research, 1138 Pearson Hall, to officially close the project.



<b>For IRB Use Only</b>	Review Date: <u>May 22, 2011</u>	IRB ID: <u>11-108</u>
	Approval Date: <u>May 20, 2011</u>	Length of Approval: <u>1 year</u>
	Approval Expiration Date: <u>May 19, 2012</u>	FULL Committee Review: <u>  </u>
	EXEMPT per 45 CFR 46.101(b): <u>  </u> Date: <u>  </u>	Minimal Risk: <u>  </u>
	EXPEDITED per 45 CFR 46.110(b): <u>  </u>	More than Minimal Risks: <u>  </u>
	Category <u>6.7</u> Letter <u>  </u>	Project Closed Date: <u>  </u>

**INSTITUTIONAL REVIEW BOARD (IRB)**  
**Application for Approval of Research Involving Humans**

RECEIVED

FEB 17 2011

By IRB

**SECTION I: GENERAL INFORMATION**

Principal Investigator (PI): Carrie Johnson		Phone: (605) 487-7065	Fax: N/A
Degrees: B.S. & M.S.	Correspondence Address: PO Box 122 Lake Andes, SD 57356		
Department: Apparel, Educational Studies, & Hospitality Management		Email Address: stirlic@iastate.edu	
Center/Institute:		College: Human Sciences	
PI Level: <input type="checkbox"/> Faculty <input type="checkbox"/> Staff <input type="checkbox"/> Postdoctoral <input checked="" type="checkbox"/> Graduate Student <input type="checkbox"/> Undergraduate Student			
Alternate Contact Person:		Email Address:	
Correspondence Address:		Phone:	
Title of Project: Do new student loan borrowers know what they are signing? A phenomenological study of high school seniors / college freshmen and their financial aid experiences.			
Project Period (Include Start and End Date): [mm/dd/yy][01/20/2011] to [mm/dd/yy][10/15/2011]			

**FOR STUDENT PROJECTS**

Name of Major Professor/Supervising Faculty: Robert Bosselman & Patricia Swanson	
Phone: (515) 294-7474 & (515) 294-2731	Campus Address: 31 MacKay & 72 Lebaron
Department: Apparel, Educational Studies & Hospitality Management	Email Address: drbob@iastate.edu pswanson@iastate.edu
Department of Human Development & Family Studies	
Type of Project: (check all that apply)	
<input type="checkbox"/> Research <input type="checkbox"/> Thesis <input checked="" type="checkbox"/> Dissertation <input type="checkbox"/> Class project	
<input type="checkbox"/> Independent Study (490, 590, Honors project) <input type="checkbox"/> Other. Please specify: <u>  </u>	

**KEY PERSONNEL**

List all members and relevant experience of the project personnel. This information is intended to inform the committee of the training and background related to the specific procedures that each person will perform on the project.

NAME & DEGREE(S)	SPECIFIC DUTIES ON PROJECT	TRAINING & EXPERIENCE RELATED TO PROCEDURES PERFORMED, DATE OF TRAINING
✓ Carrie Johnson, M.S.	Complete entire project. Conduct interviews, code data, analyze data, and write report	IRB Human Subjects Training, June 2009 8/25/07
✓ Robert Bosselman, PhD	Major Professor	IRB Human Subjects Training, November 2007 11/1/07
✓ Pat Swanson, PhD	Major Professor	IRB Human Subjects Training, September 2008 9/29/08
✓ Donna B. Hiker		4/20/11

**FUNDING INFORMATION**

<input type="checkbox"/>	Internally funded, please provide account number:
<input type="checkbox"/>	Externally funded, please provide funding source and account number:
<input type="checkbox"/>	Funding is pending, please provide OSPA Record ID on GoldSheet:
<input type="checkbox"/>	Title on GoldSheet if different from above:
<input type="checkbox"/>	Other: (e.g., funding will be applied for later)
<input checked="" type="checkbox"/>	Student Project—no funding or funding provided by student

**SCIENTIFIC REVIEW**

Although the assurance committees are not intended to conduct peer review of research proposals, the federal regulations include language such as “consistent with sound research design,” “rationale for involving animals or humans” and “scientifically valuable research,” which requires that the committees consider in their review the general scientific relevance of a research study. Proposals that do not meet these basic tests are not justifiable and cannot be approved. If an assurance review committee(s) has concerns about the scientific merit of a project and the project was not competitively funded by peer review or was funded by corporate sponsors, the project may be referred to a scientific review committee. The scientific review committee will be an ad hoc and will consist of your ISU peers and outside experts as needed. If this situation arises, the PI will be contacted and given the option of agreeing that a consultant may be contacted or withdrawing the proposal from consideration.

☒ Yes ☐ No Has or will this project receive peer review?

If the answer is “yes,” please indicate who did or will conduct the review: Program of Study Committee

If a review was conducted, please indicate the outcome of the review: Proposal was approved - 12/15/2010

**COLLECTION OR RECEIPT OF SAMPLES**

Will you be: (Please check all that apply.)

☐ Yes ☒ No Receiving samples from outside of ISU? See examples below.  
☐ Yes ☒ No Sending samples outside of ISU? See examples below.

Examples include: genetically modified organisms, body fluids, tissue samples, blood samples, pathogens.

If you will be receiving samples from or sending samples outside of ISU, please identify the name of the outside organization(s) and the identity of the samples you will be sending or receiving outside of ISU. If the outside organizations have not been identified, please check no for both questions above.

--

Please note that **some samples may require a USDA Animal Plant Health Inspection Service (APHIS) permit**, a USPHS Centers for Disease Control and Prevention (CDC) Import Permit for Etiologic Agents, a Registration for Select Agents, High Consequence Livestock Pathogens and Toxins or Listed Plant Pathogens, or a Material Transfer Agreement (MTA) [EH&S Website](#)

**ASSURANCE**

- I certify that the information provided in this application is complete and accurate and consistent with any proposal(s) submitted to external funding agencies.
- I agree to provide proper surveillance of this project to ensure that the rights and welfare of the human subject or welfare of animal subjects are protected. I will report any problems to the appropriate assurance review committee(s).
- I agree that I will not begin this project until receipt of official approval from all appropriate committee(s).
- I agree that modifications to the originally approved project will not take place without prior review and approval by the appropriate committee(s), and that all activities will be performed in accordance with all applicable federal, state, local and Iowa State University policies.

**CONFLICT OF INTEREST**

A conflict of interest can be defined as a set of conditions in which an investigator's or key personnel's judgment regarding a project (including human or animal subject welfare, integrity of the research) may be influenced by a secondary interest (e.g., the proposed project and/or a relationship with the sponsor). ISU's Conflict of Interest Policy requires that investigators and key personnel disclose any significant financial interests or relationships that may present an actual or potential conflict of interest. By signing this form below, you are certifying that all members of the research team, including yourself, have read and understand ISU's Conflict of Interest policy as addressed by the ISU Faculty Handbook (<http://www.provost.iastate.edu/faculty>) and have made all required disclosures.

- ☐ Yes ☒ No Do you or any member of your research team have an actual or potential conflict of interest?  
☐ Yes ☐ No If yes, have the appropriate disclosure form(s) been completed?

**SIGNATURES**

The Major Professor/Supervising Faculty member must sign the cover page in the section entitled "For Student Projects".

**PLEASE NOTE:** Any changes to an approved protocol must be submitted to the appropriate committee(s) before the changes may be implemented.

Please proceed to SECTION II.

**SECTION II: IRB SECTION - STUDY SPECIFIC INFORMATION**

Please complete all of the following questions.

**STUDY OBJECTIVES**

Briefly explain in language understandable to a layperson the specific aim(s) of the study.

The purpose of this study is to explore the students' view of current loan counseling practices and the financial aid forms and process. I would like to determine what themes, if any, emerge from interviewing students and their families as related to completing financial aid forms and obtaining student loans.

**BENEFITS TO SOCIETY AND PARTICIPANTS**

Explain in language understandable to a layperson how the information gained in this study will advance knowledge, and/or serve the good of society. Please also describe the direct benefits to research participants; if there are no direct benefits to participants, indicate that. Note: monetary compensation cannot be considered a benefit to participants.

Information will be gathered from interviewing students and their families to determine what knowledge is gained from the financial aid process. It will then be examined what information is most beneficial to students and/or families in regards to the the financial aid process. There will be no direct benefit to participants.

**PART A: PROJECT INVOLVEMENT**

- 1) ☐ Yes ☒ No Is this project part of a Training, Center, Program Project Grant?  
Director Name: \_\_\_\_\_ Overall IRB ID: \_\_\_\_\_
- 2) ☐ Yes ☒ No Is the purpose of this project to develop survey instruments?
- 3) ☐ Yes ☒ No Does this project involve an investigational new drug (IND)? Number: \_\_\_\_\_
- 4) ☐ Yes ☒ No Does this project involve an investigational device exemption (IDE)? Number: \_\_\_\_\_
- 5) ☐ Yes ☒ No Does this project involve existing data or records?
- 6) ☐ Yes ☒ No Does this project involve secondary analysis?
- 7) ☐ Yes ☒ No Does this project involve pathology or diagnostic specimens?
- 8) ☐ Yes ☒ No Does this project require approval from another institution? Please attach letters of approval.
- 9) ☐ Yes ☒ No Does this project involve DEXA/CT scans or X-rays?

**PART B: MEDICAL HEALTH INFORMATION OR RECORDS**

- 10) ☐ Yes ☒ No Does your project require the use of a health care provider's records concerning past, present, or future physical, dental, or mental health information about a subject? The Health Insurance Portability and Accountability Act established the conditions under which protected health information may be used or disclosed for research purposes. If your project will involve the use of any past or present clinical information about someone, or if you will add clinical information to someone's treatment record (electronic or paper) during the study, you must complete and submit the Application for Use of Protected Health Information.

**PART C: ANTICIPATED ENROLLMENT**

<b>Estimated number of participants to be enrolled in the study</b> Total: 45      Males: 20      Females: 25	
Check if any enrolled participants are: <input checked="" type="checkbox"/> Minors (Under 18) Age Range of Minors: 17 <input type="checkbox"/> Pregnant Women/Fetuses <input type="checkbox"/> Cognitively Impaired <input type="checkbox"/> Prisoners	Check below if this project involves either: <input checked="" type="checkbox"/> Adults, non-students <input type="checkbox"/> Minor ISU students <input type="checkbox"/> ISU students 18 and older <input type="checkbox"/> Other (explain)
<b>List estimated percent of the anticipated enrollment that will be minorities if known:</b>	
American Indian:	Alaskan Native:
Asian or Pacific Islander:	Black or African American:
Latino or Hispanic:	

**PART D: PARTICIPANT SELECTION**

Please use additional space as necessary to adequately answer each question.

11. Explain the procedures and rationale for selecting participants, including the inclusion and exclusion criteria (e.g., where will names come from, what persons will be included or excluded and why, etc.).

15-20 (starting with 20, due to some dropping out of the study or being unreachable for the additional interview) high school students from the area in which I live will be randomly chosen from volunteers. Any student who volunteers who meets the criteria (going to college for the first time and filling out the Free Application for Federal Student Aid (FAFSA)) may be included. Interviews will also be conducted with two local high school guidance counselors and three college financial aid professionals. The area in which I live is a typical rural community in South Dakota. The high school size is average, so students and high school guidance counselors here will be representative of others throughout the state. The three financial aid professionals will be from a nearby Vo-tech, the closest public university, and the largest public university in the state. The majority of students from the area are likely to go to one of these three secondary schools.

12. Describe the procedures for contacting participants (e.g., letter, email, flyer, advertisements, phone call, etc.). Attach copies of any letters, scripts, flyers, or advertisements that will be used. Recruitment materials should include a statement of the voluntary and confidential nature of the research.

Letters will be sent to high school administrators in the demographic area asking for assistance in recruiting students. I will also include flyers for them to send home with their senior class students.

**PART E: RESEARCH PLAN**

Include sufficient detail for IRB review of this project independent of the grant, protocol, or other documents.

13. The information needed here is similar to that in the "methods" or "procedures" sections of a research proposal—it should describe the flow of events that will occur during your interactions with subjects. Please describe in detail your plans for collecting data from participants, including all procedures, tasks, or interventions participants will be asked to complete during the research (e.g., random assignment, any conditions or treatment groups into which participants will be divided, mail survey or interview procedures, sensors to be worn, amount of blood drawn, etc.). This information is intended to inform the committee of the procedures used in the study and their potential risk. Please do not respond with "see attached" or "not applicable."

This study will be a qualitative study. Interviews of 15 to 20 high school seniors and their parents/guardians will be conducted after they complete the FAFSA. The same students will be interviewed again after receiving their fall



disbursement of financial aid. Additional data will be conducted by interviewing 2 high school guidance counselors and three college financial aid professionals (all interview questions are attached). After interviews, interviews will be transcribed and themes will be determined as to how students feel about completing financial aid forms. Each interview will last approximately 45-60 minutes. The first interview will be conducted in person if possible at the primary investigators private office. The second interview with students will be done over the telephone because they will be away at college. All interviews will be recorded, including telephone conversations, so investigator can go back and listen to determine themes. To strengthen the study, a second individual will listen to tapes to determine what themes are present.

14. For studies involving pathology/diagnostic specimens, indicate whether specimens will be collected prospectively and/or already exist "on the shelf" at the time of submission of this review form. If prospective, describe specimen procurement procedures; indicate whether any additional medical information about the subject is being gathered, and whether specimens are linked at any time by code number to the participant's identity. If this question is not applicable, please type N/A in the response cell.

N/A

15. For studies involving deception or where information is intentionally withheld from participants, such as the full purpose of the study, please explain how persons will be deceived or what information will be withheld. Additionally, a waiver of the applicable elements of consent will be needed. Please complete the "Waiver of Elements of Consent" form (available at the IRB website). If this question is not applicable, please type N/A in the response cell.

N/A

#### PART F: CONSENT PROCESS

A copy of any translated informed consent documents and an English version should be submitted with the application. Provide the name of the individual who translated the consent documents, their qualifications for translating documents, and in particular informed consent documents, below.

If the consent process does not include documented consent, a waiver of documentation of consent must be requested. If any information about the study is intentionally withheld or misleading (i.e., deception is used), a waiver of the elements of consent must be requested. Forms for requesting waivers are available at the IRB website.

16. Describe the consent process for adult participants (those who are age 18 and older).

Adult participants will sign a consent form.

17. If your study involves minor children, please explain how parental consent will be obtained prior to enrollment of the minor(s).

A consent form will be signed by a parent/guardian before the minor child is enrolled in the study.

18. Please explain how assent will be obtained from minors (younger than 18 years of age), prior to their enrollment. Also, please explain if the assent process will be documented (e.g., a simplified version of the consent form, combined with the parental informed consent document). According to the federal regulations *assent* "...means a child's affirmative agreement to participate in research. Mere failure to object should not, absent affirmative agreement, be construed as assent."

Investigator will go over an assent form with minors prior to the project and provide them with the form for signatures.

#### PART G: DATA ANALYSIS

19. Describe how the data will be analyzed (e.g. *statistical methodology, statistical evaluation, statistical measures used to evaluate results*).

This qualitative study will use phenomenology to determine similar and conflicting themes with all participants. Interviews will be the method used to collect all data.

#### PART H: RISKS

The concept of risk goes beyond physical risk and includes risks to participants' dignity and self-respect as well as psychological, emotional, legal, social or financial risk.

20. ☐ Yes ☒ No Is the *probability* of the harm or discomfort anticipated in the proposed research greater than that encountered ordinarily in daily life or during the performance of routine physical or psychological examinations or tests?
21. ☐ Yes ☒ No Is the *magnitude* of the harm or discomfort greater than that encountered ordinarily in daily life, or during the performance of routine physical or psychological examinations or tests?
22. Describe any risks or discomforts to the participants and how they will be minimized and precautions taken. Do *not* respond with N/A. If you believe that there will not be risk or discomfort to participants, you must explain why.

The first time students fill out financial aid forms can be stressful. This is a very common phenomenon, so the participants may feel stressed or confused during the process. The investigator will remind participants that this is normal and that way they are feeling will get better.

23. If this study involves vulnerable populations, including minors, pregnant women, prisoners, the cognitively impaired, or those educationally or economically disadvantaged, what additional protections will be provided to minimize risks?

Parents will be provided consent forms and are part of the study being interviewed with their child.

#### PART I: COMPENSATION

24. ☐ Yes ☒ No Will participants receive compensation for their participation? If yes, please explain.

Do not make the payment an inducement, only a compensation for expenses and inconvenience. If a person is to receive money or another token of appreciation for their participation, explain when it will be given and any conditions of full or partial payment. (E.g., volunteers will receive \$5.00 for each of the five visits in the study or a total of \$25.00 if he/she completes the study. If a participant withdraws from participation, they will receive \$5.00 for each of the visits completed.) It is considered undue influence to make completion of the study the basis for compensation.

#### PART J: CONFIDENTIALITY

25. Describe below the methods that will be used to ensure the confidentiality of data obtained. (For example, who has access to the data, where the data will be stored, security measures for web-based surveys and computer storage, how long data or specimens will be retained, anticipated date that identifiers will be removed from completed survey instruments and/or audio or visual tapes will be erased, etc.)

Participant's real names will not be used in the study, they will receive a fake name for the written report. All notes

and recordings will be kept in principal investigators office which is locked when she is not there. All digital recordings and transcripts will be kept on a password protected computer. Besides investigator the only other person allowed to access this information will be the other individual determining themes found in interviews.



**PART K: REGISTRY PROJECTS**

26. To be considered a registry: (1) the individuals must have a common condition or demonstrate common responses to questions; (2) the individuals in the registry might be contacted in the future; and (3) the names/data of the individuals in the registry might be used by investigators other than the one maintaining the registry.

☐ Yes ☒ No Does this project establish a registry?

If "yes," please provide the registry name below.

**Checklist for Attachments**

Listed below are the types of documents that should be submitted for IRB review. Please check and attach the documents that are applicable for your study:

- ☒ A copy of the informed consent document **OR** ☐ Letter of introduction containing the elements of consent  
☒ A copy of the assent form if minors will be enrolled  
☐ Letter of approval from cooperating organizations or institutions allowing you to conduct research at their facility  
☒ Data-gathering instruments (including surveys)  
☒ Recruitment fliers, phone scripts, or any other documents or materials participants will see or hear

The original signed copy of the application form and one set of accompanying materials should be submitted for review. **Federal regulations require that one copy of the grant application or proposal be submitted for comparison with the application for approval.**

**FOR IRB USE ONLY:**

Action by the Institutional Review Board (IRB):

- ☒ Project approved. Date: May 20, 2011  
☐ Project is exempt. Date: \_\_\_\_\_  
☐ Project not approved. Date: \_\_\_\_\_  
☐ IRB approval is not required. Date: \_\_\_\_\_  
☐ Project is not research according to the federal definition.  
☐ Project does not include human subjects as defined by the federal regulations.

IRB Approval Signature \_\_\_\_\_

May 20, 2011  
Date

### SECTION III: ENVIRONMENTAL HEALTH AND SAFETY INFORMATION

- ☐ Yes ☒ No Does this project involve human cell or tissue cultures (primary OR immortalized), or human blood components, body fluids or tissues?

#### PART A: HUMAN CELL LINES

- ☐ Yes ☒ No Does this project involve human cell or tissue cultures (primary OR immortalized cell lines/strains) that have been documented to be free of bloodborne pathogens? If the answer is "yes," please answer question 1 below and attach copies of the documentation.

- 1) Please list the specific cell lines/strains to be used, their source and description of use.

CELL LINE	SOURCE	DESCRIPTION OF USE

Add New Row

- 2) Please refer to the ISU "Bloodborne Pathogens Manual," which contains the requirements of the OSHA Bloodborne Pathogens Standard. Please list the specific precautions to be followed for this project below (e.g., retractable needles used for blood draws):

Anyone working with human cell lines/strains that have not been documented to be free of bloodborne pathogens is required to have Bloodborne Pathogen Training annually. Current Bloodborne Pathogen Training dates must be listed in Section I for all Key Personnel. Please contact Environmental Health and Safety (294-5359) if you need to sign up for training and/or to get a copy of the Bloodborne Pathogens Manual (<http://www.ehs.iastate.edu/cms/default.asp?action=article&ID=214>)

#### PART B: HUMAN BLOOD COMPONENTS, BODY FLUIDS OR TISSUES

- ☐ Yes ☒ No Does this project involve human blood components, body fluids or tissues? If "yes," please answer all of the questions in the "Human Blood Components, Body Fluids or Tissues" section.

- 1) Please list the specific human substances used, their source, amount and description of use.

SUBSTANCE	SOURCE	AMOUNT	DESCRIPTION OF USE
<i>E.g., Blood</i>	<i>Normal healthy volunteers</i>	<i>2 ml</i>	<i>Approximate quantity, assays to be done.</i>

Add New Row

- 2) Please refer to the ISU "Bloodborne Pathogens Manual," which contains the requirements of the OSHA Bloodborne Pathogens Standard. Specific sections to be followed for this project are:

Office for Responsible Research: IRB 9/13/10

--

Anyone working with human blood components, body fluids or tissues is required to have Bloodborne Pathogen Training annually. Current Bloodborne Pathogen Training dates must be listed in Section I for all Key Personnel. Please contact Environmental Health and Safety (294-5359) if you need to sign up for training and/or to get a copy of the Bloodborne Pathogens Manual (<http://www.ehs.iastate.edu/cms/default.asp?action=article&ID=714>).

IRB ID# 11-108**REQUEST FOR WAIVER OF DOCUMENTATION OF CONSENT**

Principal Investigator Name:	Carrie Johnson
Phone Number:	605-487-7065
Email Address:	stirlic@iastate.edu
Title of Study:	Do new student loan borrowers know what they are signing? A phenomenological study of high school seniors/college freshmen and their financial aid experiences.

Iowa State University's Institutional Review Board (IRB) may waive the requirement for obtaining a signed informed consent document from each research participant if the investigator can provide specific reasons that the research meets regulatory criteria. *The IRB will make the final determination as to whether or not a waiver is appropriate based on the information provided by the investigator.*

**Please note:** A waiver of documentation of consent only means you do not need to have participants sign a document prior to their participation. Participants must still be given an opportunity to give consent to participate in the research and must be provided sufficient information upon which they can base their decision. A waiver of documentation is not a waiver of the consent process.

Please describe with details specific to your research how your research study satisfies the criteria listed in either #1 or #2 (a) and (b) below. The space will expand as you type.

1. The only record linking the subject and the research would be the consent document, and the principal risk would be potential harm resulting from a breach of confidentiality.
Justification:
2. (a) The research presents no more than minimal risk of harm to subjects.
Justification:
The only risk that is anticipated is the possibility of feeling uncomfortable during some of the questioning.
(b) <u>And</u> , involves no procedures for which written consent is normally required outside of the research context.
Justification:
The second interview with students will be via phone call if they are not unable to be in the area because they are school. They will still be required to sign an informed consent to be part of the study, but this will serve as a waiver for the phone interviews.

## RECRUITMENT LETTER TO LOCAL SCHOOLS

Carrie Johnson  
PO Box 122  
Lake Andes, SD 57356  
carrie.johnson@sdstate.edu  
(605) 487-7065

School Name  
School Address  
City, State Zip Code

To whom it may concern:

My name is Carrie Johnson and I am a graduate student at Iowa State University. I am currently working on my dissertation and am seeking participants. The title of my study is "Do new student loan borrowers know what they are signing?".

I am looking for high school seniors who are planning on attending a post-secondary institution next year and will be filling out the FAFSA and other financial aid forms. The purpose of the study is to determine whether the financial aid process itself has an effect on student loan debt. Students will be asked to complete two 45 minute interviews over the course of a 9 month period.

I would appreciate you posting the enclosed flyer at your school and sending it home with any student who fits the criteria.

Sincerely,

Carrie Johnson

Enc.

Are you a high school senior planning on going to college next year?

Are you going to be applying for financial aid?



If so, your participation would be greatly appreciated!

**What:** Research study being conducted on students filling out financial aid forms

**Why:** To gain insight into the students' perspective

**When:** Interviews will start June 2011

**What you would have to do:** Be interviewed 2 times between June 2011 & October 2011

**To sign up:** Call Carrie Johnson @ 605.487.7065 or Email [carrie.johnson@sdstate.edu](mailto:carrie.johnson@sdstate.edu)

**Deadline to sign up:** June 2011



**Title of Study:** Do new student loan borrowers know what they are signing? A phenomenological study of high school seniors/college freshmen and their financial aid experiences.

**Investigators:** Carrie Johnson, M.S.

## **INTRODUCTION**

The purpose of this study is to gain information about the student's and families' perspectives of completing financial aid forms. You are being invited to participate in this study because you are a parent of a high school senior/college freshman who plans on applying for federal financial aid in the upcoming year.

## **DESCRIPTION OF PROCEDURES**

If you agree to participate, you will be asked to answer questions in one interview about your experiences with federal financial aid forms. The interview will last approximately 45 minutes and will be tape recorded for later transcription. Then interview will take place after your student has completed the FAFSA, but before he/she receives their fall disbursement.

## **RISKS**

While participating in this study you may experience the following risks: since the financial aid process can be stressful, you may feel uncomfortable answering some of the questions.

## **BENEFITS**

If you decide to participate in this study there will be no direct benefit to you. It is hoped that the information gained in this study will benefit you and society by providing valuable information about the students' and parent's perspectives about the financial aid process.

## **COSTS AND COMPENSATION**

You will not have any costs from participating in this study. You will not be compensated for participating in this study.

## **PARTICIPANT RIGHTS**

Your participation in this study is completely voluntary and you may refuse to participate or leave the study at any time. If you decide to not participate in the study or leave the study early, it will not result in any penalty or loss of benefits to which you are otherwise entitled.

You also have the right to skip any question you do not feel comfortable answering in the interview.

### CONFIDENTIALITY

Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations and will not be made publicly available. However, federal government regulatory agencies, auditing departments of Iowa State University, and the Institutional Review Board (a committee that reviews and approves human subject research studies) may inspect and/or copy your records for quality assurance and data analysis. These records may contain private information.

To ensure confidentiality to the extent permitted by law, the following measures will be taken: the subjects will be assigned a fictitious name and all confidential information will be kept in a locked file cabinet and a password protected computer. The data will be retained for a period of five years after the study before being destroyed. If the results are published, your identity will remain confidential.

### QUESTIONS OR PROBLEMS

You are encouraged to ask questions at any time during this study.

- For further information about the study contact Carrie Johnson (605) 487-7065, Robert Bosselman (515) 294-7474, or Patricia Swanson (515) 294-2731
- If you have any questions about the rights of research subjects or research-related injury, please contact the IRB Administrator, (515) 294-4566, [IRB@iastate.edu](mailto:IRB@iastate.edu), or Director, (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, Iowa 50011.

\*\*\*\*\*

### PARTICIPANT SIGNATURE

Your signature indicates that you voluntarily agree to participate in this study, that the study has been explained to you, that you have been given the time to read the document, and that your questions have been satisfactorily answered. You will receive a copy of the written informed consent prior to your participation in the study.

Participant's Name (printed) \_\_\_\_\_

\_\_\_\_\_  
(Participant's Signature)

\_\_\_\_\_  
(Date)



IRB # 1	11-108
Approved Date	20 May 2011
Expiration Date	19 May 2012

## INFORMED CONSENT DOCUMENT

**Title of Study:** Do new student loan borrowers know what they are signing? A phenomenological study of high school seniors / college freshmen and their financial aid experiences.

**Investigators:** Carrie Johnson, M.S.

### INTRODUCTION

The purpose of this study is to gain information about the student's perspective of completing financial aid forms. You are being invited to participate in this study because you are a high school senior who plans on receiving some form of higher education in the upcoming academic year and plan on applying for federal financial aid.

### DESCRIPTION OF PROCEDURES

If you agree to participate, you will be asked to answer questions in two interviews about your experiences with federal financial aid forms. The interviews will last approximately 45 minutes each and will be tape recorded for later transcription.

Your participation will last for approximately 9 months. The first interview will take place after you complete the Free Application for Federal Student Aid (FAFSA) and before you receive the first disbursement of student loans. The second interview will be after you have received the fall disbursement of student loans.

### RISKS

While participating in this study you may experience the following risks: since the financial aid process can be stressful, you may feel uncomfortable answering some of the questions.

### BENEFITS

If you decide to participate in this study there will be no direct benefit to you. It is hoped that the information gained in this study will benefit you and society by providing valuable information about the students' perspectives about the financial aid process.

### COSTS AND COMPENSATION

You will not have any costs from participating in this study. You will not be compensated for participating in this study.

### PARTICIPANT RIGHTS

Your participation in this study is completely voluntary and you may refuse to participate or leave the study at any time. If you decide to not participate in the study or leave the study early, it will not result in any penalty or loss of benefits to which you are otherwise entitled.

**You have the right to skip any questions you do not feel comfortable answering during the interview.**

### **CONFIDENTIALITY**

Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations and will not be made publicly available. However, federal government regulatory agencies, auditing departments of Iowa State University, and the Institutional Review Board (a committee that reviews and approves human subject research studies) may inspect and/or copy your records for quality assurance and data analysis. These records may contain private information.

To ensure confidentiality to the extent permitted by law, the following measures will be taken: the subjects will be assigned a fictitious name and all confidential information will be kept in a locked file cabinet and a password protected computer. The data will be retained for a period of five years after the study before being destroyed. If the results are published, your identity will remain confidential.

### **QUESTIONS OR PROBLEMS**

You are encouraged to ask questions at any time during this study.

- For further information about the study contact Carrie Johnson (605) 487-7065, Robert Bosselman (515) 294-7474, or Patricia Swanson (515) 294-2731
- If you have any questions about the rights of research subjects or research-related injury, please contact the IRB Administrator, (515) 294-4566, [IRB@iastate.edu](mailto:IRB@iastate.edu), or Director, (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, Iowa 50011.

\*\*\*\*\*

### **PARTICIPANT SIGNATURE**

Your signature indicates that you voluntarily agree to participate in this study, that the study has been explained to you, that you have been given the time to read the document, and that your questions have been satisfactorily answered. You will receive a copy of the written informed consent prior to your participation in the study.

Participant's Name (printed) \_\_\_\_\_

\_\_\_\_\_  
(Participant's Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of Parent/Guardian or  
Legally Authorized Representative)

\_\_\_\_\_  
(Date)

### ASSENT FORM FOR MINORS

My name is Carrie Johnson. I am a student researcher from Iowa State University. I am asking if you would like to take part in a research study called "Do new student loan borrowers know what they are signing?", which is about completing financial aid forms.

If you agree to be in this study, you will be interviewed two times for about 45 minutes over the course of 9 months about your experiences in filling out financial aid forms. The first interview will take place after you have completed your Free Application for Federal Student Aid (FAFSA) and before you receive your first disbursement of student loans. The second interview will take place after you have received the first disbursement.

You may feel uncomfortable when being asked some of the questions.

Please talk this over with your parents before you decide whether or not to participate. We have asked your parents to give their permission for you to take part in this study. But even if you parents said "yes" to this study, you can still decide to not take part in the study, and that will be fine.

If you do not want to be in this study, then you do not have to participate. This study is voluntary, which means that you decide whether or not to take part in the study. Being in this study is up to you, and no one will be upset in any way if you do not want to participate or even if you change your mind later and want to stop. You also have the right to skip any questions you do not feel comfortable answering in the interviews.

You can ask any questions that you have about this study. If you have a question later that you did not think of now, you can call me at 605-487-7065.

Signing your name at the bottom means that you agree to be in this study. You and your parents will be given a copy of this form after you have signed it.

Name of participant (please print) \_\_\_\_\_

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Date

**Title of Study: Do new student loan borrowers know what they are signing? A phenomenological study of high school seniors/college freshmen and their financial aid experiences.**

**Investigators:** Carrie Johnson, M.S.

## **INTRODUCTION**

The purpose of this study is to gain information about the student's and families' perspectives of completing financial aid forms. You are being invited to participate in this study because you are a college/university financial aid professional who assists students at your institution understand the financial aid process and implement federal regulations in regards to the federal financial aid program.

## **DESCRIPTION OF PROCEDURES**

If you agree to participate, you will be asked to answer questions in one interview about your efforts to assist students and the information that is provided to them by your institution. The interview will last approximately 45 minutes and will be tape recorded for later transcription. Then interview will take place in the late spring/early summer.

## **RISKS**

While participating in this study you experience no risks.

## **BENEFITS**

If you decide to participate in this study there will be no direct benefit to you. It is hoped that the information gained in this study will benefit you and society by providing valuable information about the students' and parent's perspectives about the financial aid process.

## **COSTS AND COMPENSATION**

You will not have any costs from participating in this study. You will not be compensated for participating in this study.

## **PARTICIPANT RIGHTS**

**Your participation in this study is completely voluntary and you may refuse to participate or leave the study at any time. If you decide to not participate in the study or leave the study early, it will not result in any penalty or loss of benefits to which you are otherwise entitled.**

**You also have the right to skip any question you do not feel comfortable answering in the interview.**

### CONFIDENTIALITY

Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations and will not be made publicly available. However, federal government regulatory agencies, auditing departments of Iowa State University, and the Institutional Review Board (a committee that reviews and approves human subject research studies) may inspect and/or copy your records for quality assurance and data analysis. These records may contain private information.

To ensure confidentiality to the extent permitted by law, the following measures will be taken: the subjects will be assigned a fictitious name and all confidential information will be kept in a locked file cabinet and a password protected computer. The data will be retained for a period of five years after the study before being destroyed. If the results are published, your identity will remain confidential.

### QUESTIONS OR PROBLEMS

You are encouraged to ask questions at any time during this study.

- For further information about the study contact Carrie Johnson (605) 487-7065, Robert Bosselman (515) 294-7474, or Patricia Swanson (515) 294-2731
- If you have any questions about the rights of research subjects or research-related injury, please contact the IRB Administrator, (515) 294-4566, [IRB@iastate.edu](mailto:IRB@iastate.edu), or Director, (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, Iowa 50011.

\*\*\*\*\*

### PARTICIPANT SIGNATURE

Your signature indicates that you voluntarily agree to participate in this study, that the study has been explained to you, that you have been given the time to read the document, and that your questions have been satisfactorily answered. You will receive a copy of the written informed consent prior to your participation in the study.

Participant's Name (printed) \_\_\_\_\_

School Name \_\_\_\_\_

\_\_\_\_\_  
(Participant's Signature)

\_\_\_\_\_  
(Date)

**Title of Study:** Do new student loan borrowers know what they are signing? A phenomenological study of high school seniors/college freshmen and their financial aid experiences.

**Investigators:** Carrie Johnson, M.S.

## **INTRODUCTION**

The purpose of this study is to gain information about the student's and families' perspectives of completing financial aid forms. You are being invited to participate in this study because you are a high school professional who assists high school seniors in your school district understand the financial aid process.

## **DESCRIPTION OF PROCEDURES**

If you agree to participate, you will be asked to answer questions in one interview about your efforts to assist students. The interview will last approximately 45 minutes and will be tape recorded for later transcription. Then interview will take place in the late spring/early summer.

## **RISKS**

While participating in this study you experience no risks.

## **BENEFITS**

If you decide to participate in this study there will be no direct benefit to you. It is hoped that the information gained in this study will benefit you and society by providing valuable information about the students' and parent's perspectives about the financial aid process.

## **COSTS AND COMPENSATION**

You will not have any costs from participating in this study. You will not be compensated for participating in this study.

## **PARTICIPANT RIGHTS**

Your participation in this study is completely voluntary and you may refuse to participate or leave the study at any time. If you decide to not participate in the study or leave the study early, it will not result in any penalty or loss of benefits to which you are otherwise entitled.

You also have the right to skip any question you do not feel comfortable answering in the interview.

## **CONFIDENTIALITY**

Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations and will not be made publicly available. However, federal government

regulatory agencies, auditing departments of Iowa State University, and the Institutional Review Board (a committee that reviews and approves human subject research studies) may inspect and/or copy your records for quality assurance and data analysis. These records may contain private information.

To ensure confidentiality to the extent permitted by law, the following measures will be taken: the subjects will be assigned a fictitious name and all confidential information will be kept in a locked file cabinet and a password protected computer. The data will be retained for a period of five years after the study before being destroyed. If the results are published, your identity will remain confidential.

### QUESTIONS OR PROBLEMS

You are encouraged to ask questions at any time during this study.

- For further information about the study contact Carrie Johnson (605) 487-7065, Robert Bosselman (515) 294-7474, or Patricia Swanson (515) 294-2731
- If you have any questions about the rights of research subjects or research-related injury, please contact the IRB Administrator, (515) 294-4566, [IRB@iastate.edu](mailto:IRB@iastate.edu), or Director, (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, Iowa 50011.

\*\*\*\*\*

### PARTICIPANT SIGNATURE

Your signature indicates that you voluntarily agree to participate in this study, that the study has been explained to you, that you have been given the time to read the document, and that your questions have been satisfactorily answered. You will receive a copy of the written informed consent prior to your participation in the study.

Participant's Name (printed) \_\_\_\_\_

School Name \_\_\_\_\_

\_\_\_\_\_  
(Participant's Signature)

\_\_\_\_\_  
(Date)

## INTERVIEW QUESTIONS

### *1<sup>st</sup> Interview: Students and Parents*

- Think back to your experiences filling out your financial aid forms.
  - Was the FAFSA on the Web easy to use?
  - How confident are you in the privacy/security of the information you provided?
  - How did you feel when you were completing the process?
  - What did you learn?
  - Did you fill out the forms yourself, have someone help, or did someone do them for you?
  - What did you like best about the process?
  - What was the most difficult part?
  - What questions do you still have about the process?
  - What information do you feel would have been beneficial prior to completing the form?
  - What information do you feel would have been beneficial after completing the form?

### *2<sup>nd</sup> Interview: Students*

- What type of financial aid were you offered in your financial aid package?
- What type of financial aid did you accept and/or are receiving?
- What factors influenced your decision to accept/decline the type of assistance you will/are utilizing?
- If loans: What do you remember about repayment information that you were provided?



- Did you understand all of the information that you were provided about the type of financial aid were you offered?
- Did you do any additional research about the type of financial aid that is available or that you are receiving?
- Did you receive face-to-face loan counseling?
  - If so, did you find it beneficial? Why or why not?
  - If not, do you think it would have been helpful? Why or why not?
- What additional information do you think would have been helpful in making decisions?

Each school provides information to their students differently. For the purpose of this study three professionals from different types of institutions will be interviewed.

#### *Financial Aid Professionals*

- What information do you provide to incoming freshmen?
- How do you provide Entrance Loan Counseling to students?
- Do you believe that students should have face-to-face counseling? Why or why not?
- What do you think incoming freshmen should know to be better prepared for taking loans?

High school guidance counselors and other professionals typically offer assistance to high school seniors who are planning on attending a higher education institution. The researcher will also interview two high school professionals (from local public schools) to gain their perspective and determine their role in the process.

#### *High School Professionals*

- What grade levels of students do you provide financial aid information to?
- Do you specifically provide loan information?

- What do you believe to be beneficial for students who plan on attending college?
- Do you think there is anything more high schools can do to provide more information to students who plan on attending college?

## REFERENCES

- Alexander, F.K. (2002). The federal government, direct financial aid, and community college students. *Community College Journal of Research Practices*, 26, 659-679.
- American Council on Education. (2011). *History of the GI Bill*. Retrieved March 24, 2012 from <http://www.todaysgibill.org/todays-gi-bill/>.
- Andes Central School District. (2011). *2010 Andes Central School District 11-1 District Profile*. Retrieved January 10, 2011 from <http://www.andescentral.k12.sd.us/>.
- Briones, T. (December 2006). A middle-class college squeeze. *Greentree Gazette*. Retrieved January 20, 2012 from <http://www.todayscampus.com/articles/load.aspx?art=35>.
- City-data (2010). *Income, earnings, and wages data*. Retrieved April 8, 2012 from <http://www.city-data.com/>.
- College Board. (2008). *Trends in college prices*. Washington, D.C.: Author.
- Creswell, J.W. (2008). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research (3<sup>rd</sup> Ed.)*. Upper Saddle River, NJ: Pearson Education.
- Creswell, J.W. (2007). *Qualitative inquiry and research design: Choosing among five traditions (2<sup>nd</sup> Ed.)*. Thousand Oaks, CA: Sage Publications.
- Daniels, V. (2005). Lecture on Phenomenology, Lecture/Class, Sonoma State University, published. Retrieved July 20, 2009 from <http://www.sonoma.edu/users/d/daniels/phenomlect.html>.
- De La Rosa, M.L. & Tierney, W.G. (2006). Breaking through the barriers to college:

- Empowering low-income communities, schools, and families for college opportunity and student financial aid. *UCS Center for Higher Education Policy Analysis*. Retrieved July 15, 2009 from [http://www.usc.edu/dept/chepa/pdf/Breaking\\_through\\_Barriers\\_final.pdf](http://www.usc.edu/dept/chepa/pdf/Breaking_through_Barriers_final.pdf).
- Draut, T. (2009). Debt-for-diploma system: Student-loan debt saddles college grads long after they earn degrees. *The New England Journal of Higher Education*, Winter 2009, 31-32.
- EKOS Research Associates. (2006). Qualitative insights and strategy development student loan debt and default issues. Ottawa, Canada: Author.
- Entrance Counseling. Guide for counselors. (July 1997). Retrieved June 3, 2011 from [http://www.ifap.ed.gov/dlpamphlets/doc0003\\_bodyoftext.htm](http://www.ifap.ed.gov/dlpamphlets/doc0003_bodyoftext.htm).
- FAFSA: Free Application for Federal Student Aid (2010). Retrieved April 20, 2010 from <http://www.fafsa.ed.gov>.
- Fossey, R. (December 1998). Condemning students to debt: Is the college loan program out of control?. *Phi Delta Kappan*, 319-321.
- Golafshani, N. (2003). Understanding reliability and validity in qualitative research. *The Qualitative Reporter*, 8(4), 597-607.
- Hart, N.K. & Mustafa, S. (2008). What determines the amount students borrow? Revisiting the crisis-convenience debate. *NASFAA Journal of Student Financial Aid*, 38 (1), 17-39.

- Johnstone, D.B. (1999). Introduction. In J.E. King (Ed.), *Financing a college education. How it works, how it is changing* (p 1-6). Westport, CT: The American Council on Education and Oryx Press.
- Kahn, H. (2011, October 26). Obama speeds up aid for college students: How will it help you?. *ABCNews*. Retrieved July 15, 2012 from <http://abcnews.go.com/blogs/politics/2011/10/obama-speeds-up-aid-for-college-students-how-will-it-help-you/>.
- Khadaroo, S. (2011). Financial aid for college: Tips for the new FAFSA form. *Christian Science Monitor*. Retrieved December 30, 2010 from <http://www.minnpost.com/learning-curve/2011/01/financial-aid-college-tips-new-fafsa-form>.
- Lange, D.K. & Stone, M.E. (Summer 2001). Parent involvement in admissions and financial aid. *New Directions for Student Services*, 94, 15-26.
- Lederman, D. (2009). FAFSA, the perfect, and the good. *Insider Higher Ed*. June 25, 2009.
- Lightcap, B. (2011). The Morrill Act of 1862. *University of Notre Dame*. Retrieved March 24, 2012 from <http://www.nd.edu/>.
- Linsenmeier, D.M., Rosen, H.S., & Rouse, C.E. (2002). *Financial aid packages and college enrollment decisions: An econometric case study* (National Bureau of Economic Research working paper #9228). Cambridge, MA: National Bureau of Economic Research.
- Long, B.T. (Summer 2010). Making college affordable by improving aid policy. *Issues in Science and Technology*, 26(4), 27-38.

- MacCallum, M. (2008). Effect of financial aid processing policies on student enrollment, retention and success. *NASFAA Journal of Student Financial Aid*, 37(2).
- McDonough, P.M. & Calderone, S. (2006). The meaning of money: What counselors think they know about African American and Latino families' college costs needs?. *American Behavioral Scientist*, 49(12), 1703-1718.
- McPherson, M.S., & Schapiro, M.O. (1991). Does student aid affect college enrollment? New evidence on a persistent controversy. *American Economic Review*, 81(1), 309-318.
- Michner, B., & Belcheir, M.J. (1997). *Lasting first impressions: A qualitative study of freshmen arrival on campus*. Boise State University.
- Mitchell Technical Institute (MTI). (2011). Retrieved January 15, 2011 from <http://www.mitchelltech.edu/>.
- Morse, J. M., Barrett, M., Mayan, M., Olson, K., & Spiers, J. (2002). Verification strategies for establishing reliability and validity in qualitative research. *International Journal of Qualitative Methods* 1 (2), Article 2. Retrieved April 9, 2012 from <http://www.ualberta.ca/~ijqm>.
- National Association of Student Financial Aid Administrators (NASFAA). (2003). *Statement of Ethical Principles - 1999*. Retrieved February 14, 2011 from <http://www.bcm.edu/financialaid/index.cfm?pmid=10323>.
- Novack, J. (2010). Parents' choice: Save for college or retirement?. *Forbes.com*. Retrieved on March 24, 2012 from <http://www.forbes.com/2010/03/16/college-529-fafsa-401k-ira-personal-finance-save-for-retirement-first.html>.
- Official cohort default rates for schools. (2009, September 17). Retrieved January 6,

- 2010 from *Department of Education* website  
<http://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>.
- Perna, L.W. (2008). Understanding high school students' willingness to borrow to pay college prices. *Research in Higher Education*, 49, 589-606.
- Redd, K.E. (2001). Why do students borrow so much? Recent national trends in student loan debt. Retrieved March 3, 2010 from ERIC Clearinghouse on Higher Education <http://www.eric.ed.gov/PDFS/ED451759.pdf>.
- Reed, M., Cheng, D., Asher, L., Abernathy, P., & Irons, E. (2009). Student debt and the class of 2008: December 2009. *The Project on Student Debt*. Retrieved January 5, 2010 from <http://projectonstudentdebt.org>.
- Robert H. Smith Consulting Associates. (1999). *Federal office of electronic commerce: Performance Metrics for FAFSA on the web*. University of Maryland: Jonathon Palmer, Faculty Advisor. Retrieved September 1, 2010 from [http://www.joelschwarz.com/AGSiteDocs/FedOfficeE-Comm-metrics\\_fafsa.pdf](http://www.joelschwarz.com/AGSiteDocs/FedOfficeE-Comm-metrics_fafsa.pdf).
- SallieMae College Answer. (2007). *Understanding loan counseling*. Retrieved on January 11, 2012, from [http://collegeanswer.com/financing/content/f\\_entcoun.jsp](http://collegeanswer.com/financing/content/f_entcoun.jsp).
- Smart about college (2011). Retrieved January 4, 2012 from <http://www.smartaboutcollege.org/paying-for-college>.
- South Dakota Department of Education. (2010). *Fall 2010 Enrollment*. Retrieved January 10, 2011 from <http://doe.sd.gov/ofm/fallenroll.asp>.
- South Dakota State University (SDSU). (2011). Retrieved January 15, 2011 from <http://www.sdstate.edu>.
- Steele, P. & Baum, S. (2009). How much are college students borrowing?: August 2009.

- The Project on Student Debt*. Retrieved April 19, 2010 from <http://projectonstudentdebt.org>.
- Trent, W.T., Lee, H.S., & Owens-Nicholson, D. (2006). Perceptions of financial aid among students of color: Examining the role(s) of self-concept, locus of control, and expectations. *American Behavioral Scientist*, 49(12), 1739-1759.
- United States Census Bureau (2012). *Quick facts*. Retrieved April 8, 2012 from <http://www.census.gov/>.
- United States Department of Agriculture (USDA) Economic Research Service (2012). *County-level unemployment and median household income*. Retrieved April 8, 2012 from <http://www.ers.usda.gov/data/unemployment/>.
- United States Department of Education (2010). Retrieved June 3, 2010 from <http://www.ed.gov/>.
- Van der Klaauw, W. (2002). Estimating the effect of financial aid offers on college enrollment: A regression-discontinuity approach. *International Economic Review*, 43(4), 1249-1287.
- Wagner Community Schools. (2011). *2010 Statistical profile data worksheet*. Retrieved January 9, 2011 from <http://www.wagner.k12.sd.us/education/school/school.php?sectionid=3>.
- Waters, J. (2011). Phenomenological research. *Capilano University*. Retrieved June 14, 2011 from <http://www2.capilanou.ca/programs/psychology/students/research/phenom.html>.
- Wegmann, C.A., Cunningham, A.F., & Merisotis, J.P. (July 2003). *Private loans and*



*choice in financing higher education*. Prepared by The Institute for Higher Education Policy. Retrieved June 3, 2011 from <http://174.133.199.34/pdf/research-studies/PvtLoans.pdf>.

Zeidner, T. (2006). Information and access: Modeling the nexus of the academic preparation and financial aid literatures. *Peabody Journal of Education*, 81(4), 118-138.

## ACKNOWLEDGEMENTS

I am thankful to the following people for their support and encouragement in achieving this goal. Without them I would never had been able to complete this project.

Thank you Dr. Bob for sending me periodic reminders to keep me motivated. For offering me the constructive criticism I needed and steering me in the right direction over the last few years. Thank you for being my point of contact at ISU and making sure all of my forms were completed, signed, and routed to the appropriate offices while I was studying from a distance.

A big thank you to Pat who helped me develop my research topic at our very first meeting. You made me think about this project from a very early date which helped this entire project to take shape.

Mack, you made statistics something that wasn't quite so scary even if that meant retaking a basic class to get a better understanding of data collection and interpretation. Even though I used a qualitative method for this project, you have been always been willing to answer questions and serve on this committee.

Thank you Dr. Robinson for your willingness to serve on my committee, even with your extremely busy schedule.

Clint, thank you for your willingness to be a replacement committee member. You have been a great addition and have been more than willing to help with any phase of this project.

Dr. John Schuh, even though you retired before I completed my dissertation your previous research on student loan debt was a great source of information. You also

assisted with making me think critically about the research process and how I should complete this project.

I would also like to thank Dr. Bernadine Enevoldsen, my Master's Degree advisor. You were the one that talked me into continuing on with obtaining a PhD. You believed in me and encouraged me to push myself to be better.

Thank you, Donna Bittiker, my colleague and friend. You not only helped with being a second eye/ear to determine themes but have also picked up the slack at work so I could focus on my dissertation. I am lucky to have someone who I know will do excellent work and put in the extra hours to get our projects done. Also for asking me at least on a weekly basis how my writing was going, you reminded me to keep going for the betterment of myself and our work.

Again, a huge thank you to Aunt Julie. You are one of the main reasons I have become the person I am and have been the voice of reason when I didn't think I could finish. You have always believed in me and made me strive to be a better scholar and person. For reading my drafts and listening to me talk constantly about where I was in the research process and encouraging me to keep going.

Being a distance education student can be very difficult, but because of all of you I was given the opportunity to reach my fullest potential. Thank you!

### BIOGRAPHICAL SKETCH

Carrie Lei Stirling Johnson was born July 1, 1980 in Parkston, South Dakota. She received the Bachelor of Science in English for Information Systems with a minor in Multimedia/Web Design from Dakota State University in 2003 and a Master of Science in Family & Consumer Science with a specialization in Family Financial Planning from South Dakota State University in 2007. Carrie served as a Financial Aid Counselor at South Dakota State University from 2003 to 2008. She is currently a Family Resource Field Specialists with SDSU Extension and is serving as the president of SD Jump\$tart Coalition, a state-wide group focused on educating individuals about financial literacy and capability.